

# The NATIONAL UNDERWRITER

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## National Bureau Manual Assessment Plan Brings Strong Reaction From Independents

Indications are that the National Bureau will not be deluged with checks from "manual purchasers" when time for payment of its new assessment comes around Jan. 1. The plan, which sets up an assessment to be levied against total premium writings, by class, to qualify a non-member company for the purchase of a manual, has not met with enthusiastic response from companies that in the past have been paying only \$2 or so for a book. Direct writers such as State Farm and Allstate are confronted with additional charges of something like \$250,000 each.

### \$0.934 Per \$1,000 For Auto

The bureau announced on Nov. 30 in a letter to the chief executives of manual purchaser companies that it was setting up a new system of charges which, in the case of the most prominent line, auto, assesses companies wanting to buy a manual \$0.934 per \$1,000 of liability premiums on a national basis before a company is allowed to buy a manual. For example, a company with \$1 million in auto liability premiums writing only in one state and wanting a National Bureau manual for that state, would have to pay \$934 as an assessment and then could buy a manual for \$2.

This is quite a jolt to a great many independent companies. The bureau points out that non-member "manual purchaser" companies have been getting their information on a bargain basis, and most companies admit this freely. But there is a strong reaction to the tremendous increase in cost. In the case of one company writing truck

risks and using just one manual for rating private passenger assigned risks, the jump is from a charge of \$2 a year to \$13,002.

Some informal meetings of independent companies have been conducted already and more undoubtedly will be. There is a question whether any great number of companies will pay the assessment at all until it becomes absolutely necessary. That is, a number of companies believe that they can get by without buying any more manuals until the bureau makes some significant changes. This is particularly true of companies operating in small territories. They can sit back with the old manuals, they feel, until the bureau initiates a radical new plan. They just won't buy any more manuals until then.

### Could "Borrow" Manual

Some companies have asked whether the bureau is trying to freeze the small independents out. The big independents—companies like State Farm, Allstate, General of Seattle, Fireman's Fund—can make their own rates and do already. They buy the bureau manuals for information purposes, and most of them don't give them to agents or even to branch offices. If they only used one or two manuals for such purpose, they wonder if \$100,000 to \$250,000 more a year is worth it. One company man observed that he can always "borrow" a manual.

If enough companies react strongly to the additional charge, NAII may be "pushed" into the manual printing business as an advisory organization. One insurance commissioner already has commented to this effect.

Among the companies that have exchanged information with the bureau there is a feeling that some of the trade routes are being cut off. Many of the new plans the bureau has devised have in them elements that were gleaned from statistics and experience supplied by non-member companies as a part of what has been a relatively free exchange of information.

It is estimated that if all the non-member companies were to pay the full assessment, the National Bureau would receive about \$2 million more income. Observers feel that the new charges were predicated on the theory

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## Annual Review Of Reinsurance In Dec. 30 Issue

## Stock Company Men Of The West Pay Tribute To Gerber

Director Joseph S. Gerber of Illinois, whose tenure is coming to a close as the result of the change in state administration, was guest of honor at a luncheon given at the Union League Club, Chicago, this week by midwest executives of stock fire and casualty companies. The host was John Hommes, manager Western Actuarial Bureau, who acted as presiding officer and introduced all of those on hand and called upon seven of the group to speak briefly of their experience with Mr. Gerber and his department.

As the occupant of the hottest seat in the regulatory ranks, both from the standpoint of inherited problems and unusual but ever-existent pressures, Mr. Gerber has made a remarkable record, and the tribute paid him by this group of insurance people is testimony of that. The fire company executives in particular for a number of years have not had a strong liaison with the insurance department, so that a public acknowledgement of respect for the department director and the job he has done added significance to the occasion.

Mr. Gerber indicated that he will stay on as director for "a little while" and rumor has it that this will extend probably until the next annual meeting of NAIC. That will mean there will

(CONTINUED ON PAGE 4)

## Will Ask Repeal Of Mass. Compulsory

Commissioner Whitney of Massachusetts has indicated that he will ask the legislature to repeal the compulsory auto liability insurance law and substitute a financial responsibility act. With an 11% increase in rates approved for 1961, Mr. Whitney thinks the public will demand action.

The disadvantages of the compulsory law far outweigh its advantages, he said.

## Reliance Plans To Buy Standard Of New Jersey

### Fund-Standard Accident Wedding Called Off; Home, New Amst. Vote Deferred

Reliance and Standard Fire of New Jersey have jointly announced plans to exchange stock at a rate of 2½ shares of Reliance for each share of Standard Fire.

Standard Fire has 40,000 shares outstanding and the exchange is subject to approval by holders of 80% of the shares and by regulatory authorities. At 1959 year end, Standard had \$8.2 million in assets. It wrote \$2.8 million in premiums in 1959, most of it fire and EC.

Present plans call for continuation of Standard Fire as a separate entity within the Reliance group, which now consists of Reliance, Eureka, General Casualty of Madison and Hoosier Casualty.

### Fund-Standard Accident

Negotiations by Fireman's Fund and Standard Accident for exchanging their stock have been broken off. In a joint statement issued late last week, President James F. Crafts of the Fund and Standard Accident President Lester K. Kirk announced simply that negotiations "concerning an offer for exchange of stock have been discontinued by mutual agreement."

### Home-New Amsterdam

The special Jan. 6 meeting of New Amsterdam Casualty stockholders called to vote on the merger with Home has been postponed to Jan. 20 by the New York supreme court. In its writ of mandamus the court also ordered New Amsterdam Casualty to make available its stockholders list to George F. Huber, Wilmington, Del., holder of a substantial block of New Amsterdam Casualty stock, who is in sympathy with Security of New Haven's move to affiliate with the latter company.

Mr. Huber's attorney, Richard J. Smith, told the court that Mr. Huber and an allied group are anxious to se-

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## Fire Losses Exceed \$1 Billion By Nov.

Fire losses in the U. S. in November amounted to \$83,340,000, according to National Board. This was a 7.3% increase over November, 1959.

Losses for the first 11 months of 1960 now total \$1,005,921,000, an increase of 5.8% over the first 11 months of 1959.

## Crop-Hail Assn. Reelects Officers

Officers of Crop-Hail Insurance Actuarial Assn. were reelected at the annual meeting in Chicago last week. Loren G. Van Zile, Fireman's Fund, is president; Martin E. Aegerter, U. S. & Foreign Management, is vice-president, and E. V. Sharp, America Fore, is secretary. The assistant secretary and manager since inception of CHIAA is Richard J. Roth.

The association ended 1960 with 113 member and 20 subscribers. This is a net gain of 23 companies in the year with 24 new members and three new subscribers, less four resignations. Crop-Hail Assn. represents about 70% of the premium volume of all crop-hail insurance written by all types of companies in the U. S.

## London Lloyd's Names Thomson And Porter

G. Ewart Thomson and R. A. J. Porter have been elected chairman and deputy chairman, respectively, of London Lloyd's for 1961.

Mr. Thomson, a non-marine underwriter, has been with Lloyd's since 1914 when he joined Cuthbert Heath, originator of many non-marine forms, in his box at Lloyd's, then in the Royal Exchange. He was elected an underwriting member in 1933.

Mr. Porter, marine underwriter, has been an underwriting member since 1934.



"IT'S THE AGENCY'S REMINDER TO PUSH THE AVIATION MARKET!"

# Life Magazine Study Shows Public Opinion, Provides Market Guides

Low rates are the predominant factor in the selection of an insurer, according to a study by Life magazine of consumer attitudes toward personal lines. The findings were reported in a presentation at the midyear meeting in Washington of Insurance Advertising Conference by Jacques Megroz, chairman of Life's insurance classification.

In the study, 568 customers were interviewed in Atlanta, Chicago, Hartford, Los Angeles, and in Queens and Westchester counties of New York. Certain findings of the study, with editorial comments by THE NATIONAL UNDERWRITER follow.

Any illusions the business may entertain about the public's eagerness for more information on various types of personal lines were somewhat shattered. Almost one-third of the respondents said they wished to know nothing about them.

Of those desiring information, 31% want data on coverage and protection; 27% on factors involved in rate-making; 7% on determination and procedures in claims settlements; and 8% on other matters. The answers exceed 100% because of multiple responses.

## Important Buying Factors

Respondents were shown a card with nine statements and were asked to indicate which two of the statements would be most important and which two would be least important when choosing a company for personal lines. The two factors selected as most important were: "Gives you the highest amount of coverage for the least cost" (51%), and "fairest in settling claims" (30%). Personal service was the third most important reason (28%). Rated low were such considerations as easy to understand policies, insurer activities for public welfare, and politeness and courtesy.

## Alliance Estimates Mutual Premiums Up 7% In 1960

Premiums written during 1960 by the 2,505 mutual property and the 215 mutual casualty insurance companies of the U.S. will be \$3,600,000,000—a new high some 7% above the \$3,356,997,298 written by these companies in 1959—according to the annual operations survey of American Mutual Insurance Alliance. The alliance credits mutual companies for about 26% of the nation's property and casualty insurance business.

By principal lines increases in premium writings are estimated at: Automobile BI 7.4%; auto PDL 4.4%; auto PHD, 4.3%; workmen's compensation, 10%; fire and allied lines, 1.5%; homeowners, 20%; A&S 10%; burglary and theft, 16%; and general casualty, 9%.

Nearly all lines will show slight increases in ratio of losses incurred to premiums earned. Some companies reported burglary loss ratios are about double those of 1959. An important factor in raising loss ratios of property insurers was Hurricane Donna, which cost insurance companies generally more than \$100 million.

Insured who switched auto coverage from one company to another did so primarily for cheaper rates. Those who switched other personal lines also give this as the main reason but gave more weight to agency factors. They changed agents in some cases; in other cases the agent changed companies. Relatives and friends in the business, and the desire to keep all policies in one company were other reasons for switching both auto and other personal lines.

With regard to reasons for selection of the agent from whom they bought their most recent policy, 48% of the respondents made their choice because of previous acquaintance. Other reasons were recommendation by someone known to respondent, 20%; convenience of agent's office or a call from agent, 10%; lower rate, 7%; and agent's reputation for trustworthiness and service, 7%. In 6% of the replies, no agent was mentioned.

Respondents were asked whether at the time they bought their most recent policy an agent had approached them or vice versa. In 79% of the cases the customer made the contact.

Interesting results were obtained on a query regarding frequency of agent-customer contact on personal lines in the past three years, apart from activity in connection with policies in force.

Some 45% of respondents had never been approached by an agent; 10% had been approached once; 13% twice; 8%

three times, and 24% four or more times.

On the frequency of the customer approaching the agent, 50% did not do so in three years; 32% did so once; 10% twice; 4% three times, and 4% four or more times.

About 53% of those replying in the study knew that the independent agent represents many companies while the "company" agent acts for one insurer. Other responses showed that 22% knew the independent is self-employed while the company agent is an employee; 21% felt the independent is more helpful in looking out for the client's interests; 11% were of the opinion that the independent gets better and wider coverage and can select the company for placement; and 13% had no opinion on the difference between types of agents.

A series of questions drew further opinion on company agent vs the independent:

Factors Evaluated	Companies Selling Through Co. Indep. Don't Agent Agts. Know		
Gives the highest coverage for least cost	38%	23%	38%
Fairest in settling claims	24	31	45
Gives the most personal service	17	55	35
Settles claims the fastest	34	33	33
Agent who sells insurance also helps settle claim	22	43	35
Has the least red tape	27	36	37
Writes the easiest to understand policies	15	18	67
Is most polite and courteous	15	36	49
Does the most to promote public welfare	40	11	49

It is significant that 38% of the re-

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## N. Y. Plane Crash Hull Values Set At Nearly \$6 Million

The hull of the United Air Lines DC-8 jet, which collided with a Trans-World Airline Constellation over Staten Island, N. Y., was valued at \$5 million. The loss will be paid out of United's self insurance fund, which at Sept. 30 was \$8,914,000, up from \$7,800,000 at Dec. 31, 1959.

Associated Aviation Underwriters had the hull coverage on the TWA Constellation which was valued at \$750,000. Liability coverage on the United DC-8 was written by U. S. Aviation Underwriters.

The disaster—worst in aviation history—took the lives of 128 passengers and crews of both planes and nine persons on the Brooklyn street where the DC-8 fell. The collision occurred when the DC-8, bound for Idlewild Airport from Chicago, went off course over Staten Island and met the Constellation, bound for La Guardia Airport. The Constellation crashed on Miller Field, Staten Island.

Burning debris of the DC-8 caused a seven alarm fire in Brooklyn, destroying 10 brownstone apartment buildings, several shops and a funeral home. Extensive claims for fire and other damage are anticipated.

## Henry Moser's Greetings In Verse May Be Over

Henry S. Moser, who is retiring Dec. 31 as senior vice-president of Allstate and whose Christmas cards in poetic form for many years have added a filip to the holiday season, has served notice that his versifying may be drawing to an end.

The greetings from Mr. and Mrs. Moser this year explain how this void will be created:

Threescore, old "Mose", by simple calculation  
Has been around. Some few more years  
—they say  
He has in store. Yet, in his estimation  
Despite his age, he's hardly lived a day.  
Out of the sixty, he can't help remember  
The hours of night, he spent asleep in bed  
And thus he thinks, each New Year  
to December—  
'Bout half the time, it was like being dead.

The balance too, is subject to reduction  
For infancy and time of education.  
One cannot count the years one lived  
by suction—  
Or those passed in fruitless application.

Now, we retire,—we've made the determination  
To live years left—just rocking in the sun,  
Wishing for all good friends, with adoration,  
Good Health and Joy and Happy Years  
to come.

So if you get no card from us hereafter,  
Greetings you'll know, ne'er the less  
we'll say—  
(Because of annual budget's slight disaster)  
Not by fancy card,—but via cosmic ray.

Knapp In Del.-Md. Field  
Harleysville Mutual has appointed James A. Knapp special agent at Wilmington for Delaware and the eastern shore of Maryland. He was formerly with Lumbermens Mutual Casualty in New Jersey.

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## Postmaster General Day Is No Stranger To Public Service

Vice-president J. Edward Day of Prudential, who has been selected by President-elect Kennedy as Postmaster General, is no stranger to public service, having played a prominent role in the administration of Gov. Adlai E. Stevenson of Illinois.

Mr. Day was Mr. Stevenson's aide for legal and legislative matters when the latter became governor in 1949. A year later he became Illinois insurance director, serving until 1953. He was chairman of Zone 4 of National Assn. of Insurance Commissioners and vice-chairman of the NAIC life insurance committee. As head of the Illinois department, he demonstrated an energy and ability which brought him to the attention of Prudential, whose post of associate general solicitor he accepted in 1953.

His public career has been more concerned with civic activities than in

party politics, however. He headed a bi-partisan committee for constitutional amendment in Illinois and led the 1959 YMCA drive in Los Angeles.

A graduate of the University of Chicago and of Harvard where he edited the Harvard Law Review, Mr. Day practiced law in Chicago with the firm of Sidley, Austin, Burgess & Harper prior to World War II. He returned to that organization in 1945 after having served 45 months in the navy.

### Has Headed L. A. Office

While at the Newark home office of Prudential, Mr. Day developed a legal and legislative program designed to win approval of the variable annuity plan in the New Jersey legislature. Since 1957, he has been vice-president in charge of the Los Angeles regional home office.

Of Mr. Day's new appointment, Carroll M. Shanks, president of Prudential, commented: "Prudential greatly regrets losing Ed Day but is proud of his being named Postmaster General.

"I'm sure that the public will find him, as we have, to be a capable and imaginative administrator with an incisive mind and a facility for solving

## Company Men Pay Tribute To Gerber

(CONTINUED FROM PAGE 1)

be more hearings of the subcommittee on rates and rating organizations which is examining the rating laws with an eye to possible changes needed as multiple line policies and intense competition have become the order of the day.

Several of those who spoke about Mr. Gerber remarked on the excellent staff of the Illinois department. In his comments, Mr. Gerber indicated his strong opinion that a good staff, particularly in the examinations division, is the backbone of a successful regulatory operation.

large and difficult problems. He's a warm, hardworking and effective person."

At 46, the new Postmaster General will harmonize with most of Mr. Kennedy's other cabinet choices in that they compose one of the youngest groups of presidential aides ever. Mr. Day currently serves on California Gov. Brown's business advisory council and as vice-chairman of the state commission on metropolitan problems.

When he took office, Mr. Gerber said, there were 25 examiners in the Illinois department, and they had a backlog of work so staggering as to make the possibility of catching up almost incalculable. But now, at the end of 1960, the number of examiners has been doubled, there is an esprit within the group, and the examinations are on schedule except for two or three of the largest groups about which there is no question of solvency.

Building a staff was one of his primary efforts, Mr. Gerber declared. Four years ago morale was at a low ebb. It was necessary to instill in the department heads and the rest of the personnel a sense of belonging that extended beyond their jobs to the theory of regulation of a gigantic industry that had important consequences in all phases of economic activity.

This spirit of understanding of both personal job and industry operation is the key to good regulation, Mr. Gerber said. It can extend to the relationship of the department with the business in such a manner as to minimize the need for litigation. In fact, according to Mr. Gerber, the less litigation the better job a department is doing, because hearings and court trials are of no service to the industry or to the public. It has been his experience that the insurance companies, by and large, want only a fair shake. An open door to the insurance department and an objective appraisal of what the industry wants and is entitled to have is essential to the good regulator, he said.

### Not Afraid Of Rate Increases

Mr. Gerber, who granted 40% more automobile rates in his first year in office, said he wouldn't be afraid of a rate increase ever again. His experience in allowing the auto rates to go up was not pleasant, he admitted, but playing politics with rates is worse. Even though he had to take his phone number out of the book to put an end to complaining calls, a less desirable alternative is to keep the rates down and fill up the assigned risk plan, create a drive for compulsory insurance and the introduction of crackpot legislation and other problems that are a great deal more serious than personal inconvenience.

At the same time, he added, the industry has to tell its side of the story and help the department get the facts of the need for an adequate rate across, particularly to the small town papers.

Looking to the months ahead, Mr. Gerber said he intends to hold the next hearings of his subcommittee in January with the first items on the agenda the NAII proposed rating bill and the proposed rating bill of the National Board, if it is ready. Additionally, the subcommittee will have to write into legislative terms its own recommendations for amendments to the all-industry bill.

Competition is greatly on the rise, Mr. Gerber said. The Monday after the National Bureau safe driver automobile plan was approved in Illinois, there were 60 merit rating plans filed, each a little different. There is a tremendous load ahead for departments just in coping with the outward forms of competition, and the pressure on the issue of prior approval becomes stronger and stronger. Involved in this, he concluded, is the challenge to the small companies to stay on their feet in the midst of an unprecedented competitive whirl.

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# Personnel Men Should Be In On Company Planning At Early Stage

By JOHN N. COSGROVE

In times past, when an employee above a certain status and salary level was to be engaged, the executive in charge of the function concerned often took charge of negotiations and hired the man without consulting the personnel director. The latter sometimes met the newcomer in the company cafeteria after he was officially on the payroll. This was a destructive practice. The new man concluded that the personnel director could not be too important in the scheme of things and regarded him accordingly. Later, when the new man took charge of a department, his initial estimate of the personnel man was often conveyed to his staff people, and friction resulted.

This intolerable condition has been largely remedied in a number of companies—significantly in those which are in the forefront in all phases of the business. For one thing, personnel men in these companies have been recognized by elevation to officer status or its equivalent, and they participate in management meetings and planning. In some companies, however, even where the personnel director has been advanced in rank, company planning information does not always seep down to him. The managements of these companies sometimes think exclusively in technical and organizational terms without considering the indispensable human units involved. Thus, the personnel man is frequently in the position of catching up with management policy rather than being

abreast of it and anticipating its needs in the most important area of operation—competent and adaptable personnel.

With the entire business in transition, the personnel director needs to be a vital part of planning. In the next few years he will be occupied with new problems in every phase of operation, from executive to clerical levels, for as company functions change, the performers of the functions must change with them.

In addition, the broad scope of personnel planning and handling today includes considerations unknown a few years ago. For example, many companies now have electronic divisions staffed by directors, programmers, technicians, and clerical help, all of whom are in short supply. These units are charged with the efficient performance of the widely ballyhooed automation functions which are an indispensable part of many companies' marketing programs.

With electronics men playing a key role, the personnel man is confronted with salary considerations which must be incorporated into the over-all company structure and aligned on an equitable basis with salaries of the traditional job units from the highest to the lowest levels. Electronics help has a sellers' market, and the wage scales for this type of work reflects that fact. Fitting electronic wage scales into the traditional patterns is a challenging assignment for personnel directors.

## Reevaluation Necessary

Perhaps electronic personnel and the problems they create in compensation and other areas provide the best example of the new era in the business and the consequent problems posed for personnel men. However, it is not necessary to look to new functions and new performers in the business to grasp the magnitude of the challenge to personnel executives. They have a man-sized job in reevaluating two basic functions of the business and in the recruiting, handling and development of staff in these two basic areas—underwriting and field work.

All the marketing maneuvers made by traditional companies to meet the competition boil down to revamped and improved underwriting and field performance. This being so, different types of personnel and improved performance from present staff may be necessary. Many companies, no doubt, realize this, but they do not always transmit their current thinking to the personnel director or take him into their confidence.

In fact, some personnel executives, far from knowing their companies' shifting philosophy—expressed or implied—on the types of men needed for present and future underwriting and field posts, have not always had a clear concept of the qualities required in these positions even under past conditions. Without guideposts from the past, it is difficult to see how some personnel men will cope with a changing situation.

## One Company's Procedure

One company—notable for its habit of thinking ahead—has pondered for some time the question of new personnel requirements for changed functions and has taken the personnel director into management councils. Quite

apart from this advantage, this personnel director has always enjoyed the privilege of knowing exactly what type of person his management seeks for specific functions. He has had the further advantage of the company's practice of insisting that its branch and field representatives be underwriters as well as production men.

Most important of all, this personnel man enjoys as a guide in his hiring and development efforts clear definitions of an underwriter and his function. The definitions are not theoretical, nor are they inflexible; they represent the views of the company's own top underwriters.

One of the senior underwriting executives of this company has evolved perhaps the ultimate in succinct definitions. "A successful underwriter is a person who, having first determined classes of insured where risk taking appears to offer a probability of profit,

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## Underwriters Handbook For Wisconsin Published

A new Underwriters Handbook of Wisconsin has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Wisconsin handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

## Erickson In East Kansas

Preferred Fire has appointed George E. Erickson special agent for eastern Kansas. The territory has been supervised for many years by Vice-president L. B. Burt, who is retiring Jan. 1.

The Ohio department of the **Mil Mutuals** has moved its offices to larger and more modern quarters at 1350 West Fifth Avenue, Columbus. R. S. Castle is manager and J. L. Crepps special agent.

## CASUALTY-FIRE CURRENT POSITIONS OPEN

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<b>Chgo.</b>	
Bond Undr.	\$ 6,500.
<b>M. West</b>	
Fire Spec. Agt.	\$ 6,500.
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## Traces N. J. Surplus Line Developments; Gives Views On National Legislation

Lawrence E. Stern, deputy commissioner of New Jersey, in a talk at the December meeting of New York chapter of CPCU, commented on the problems in his state which brought about enactment of a new surplus lines law and emphasized a few salient features of it. He prefaced this resume by noting that in addition to the problem with the failure of British Commercial, the

department became aware of a number of unlicensed insurance companies which, although properly formed under the existing laws of their domiciliary jurisdictions, possessed capital and surplus so small as to frighten anyone familiar with the concepts of insurance. It was obvious that the placement of even a few risks with such companies could jeopardize, if not de-

stroy, those companies in the event of losses.

Previously, the New Jersey law had imposed upon the surplus lines broker obligation to ascertain the financial status of the unlicensed insurer with which he placed the risk. The department was told by a number of New Jersey surplus lines brokers that they felt incapable of properly discharging this obligation. Commissioner Howell and his staff, including Mr. Stern, had considerable reluctance about attempting to take over the burden. Unlicensed companies are not

subject to examination by the department, and their sworn annual statements are not subject to its scrutiny.

Further, assuming the obligation of passing upon the financial merits of such companies is said to involve tacit approval of them. Nevertheless, Commissioner Howell, as the commissioner of Florida and other states have done, determined that it was in the public interest to assume this responsibility.

One of the features of the New Jersey law is the determination by the commissioner of a list of "eligible" surplus lines insurers. Basically, this list is composed of insurers having the same financial standing as would be required for admission to do business in the state. In order not to dry up the market and also to permit financially sound companies having less than these requirements to accept primary surplus lines business, a provision is contained in the law to permit the commissioner to waive the strict financial requirements upon a showing that the volume of business being transacted by the company is not such as to require these standards.

The law stipulates that every cover

(CONTINUED ON PAGE 12)



## Soaring to New Heights

Fred L. Gray Company, "the House of Insurance" in Minneapolis, has been associated with Standard Accident, as supervising general agents, for almost 40 years. Over this period of time the organization has prospered and grown to an unquestioned position of insurance industry leadership in the territory it serves. And, today, with aggressive, progressive president John E. Reimann, Jr., "at the controls," Fred L. Gray Company is soaring to new and even greater heights of success.

Standard Accident's role in this outstanding success story will . . . in light of Mr. Reimann's high regard for the Company . . . be a continuing one.

Specifically, Mr. Reimann has this to say about Standard . . . "To have earned the fine reputation that Standard has in our territory . . . there must be a reason. We feel the reason is that the Standard has proved to be an intelligent, progressive and friendly Company . . . the kind an agent enjoys doing business with. Whether in underwriting, claims or safety engineering, Standard's facilities

have always been tops. Through the Fred L. Gray Co., agents place over \$2,000,000 in business with Standard annually . . . proof positive that Standard has the confidence of their agents, who know that every piece of business placed will receive the best service available anywhere."

Standard Accident holds Fred L. Gray Co., in similar high esteem and there, in a nutshell, is the foundation for the fine relationship between Standard and its agents . . . joint understanding and respect.



SYMBOL OF SERVICE FOR 76 YEARS

**STANDARD ACCIDENT  
INSURANCE COMPANY**

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CASUALTY • FIRE • MARINE • FIDELITY • SURETY

## Osler Defines Reasons For Forming A New Insurance Company

Speaking on "The Procedures and Problems of Forming a New Company," Robert W. Osler, president Underwriters National Assurance, Indianapolis, said that it is not as easy as it looks from the outside—particularly if the stock issue is filed with SEC.

Mr. Osler said people usually form life or health companies for one or another of the following reasons: Non-life or non-health companies wishing to enter the field to broaden their scope of activities; those who desire to obtain the business of some very large account—such as group or credit insurance—controlled by the founders; non-insurance men who look at the business as a stable, long-term investment with certain tax-shelter aspects; stock promoters, primarily interested in the sale of the stock and tiering the values; and insurance men with what they consider an "idea" that is not only a service to the public, but also will help build a sound, profitable company.

## Sayre & Toso Names Two To Replace Brandt In Cal.

Gene Gibson and Carl Oliva, underwriters at San Francisco of Sayre & Toso, have been assigned to sales promotion duties for northern California. The territory they will cover was formerly handled by vice-president Bernard U. Brandt, who is retiring in January.

Mr. Gibson began in insurance in 1949 with Royal-Globe and before joining Sayre & Toso in 1958 was superintendent of the inland marine department of Security. Mr. Oliva was a casualty underwriter for Pacific Employers from 1953 to 1959, when he joined the Lloyd's department of Sayre & Toso.

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## State Farm Makes Many Promotions

State Farm Mutual Auto has appointed two assistant vice-presidents—Arthur H. Dierkes, formerly director of data processing, becomes assistant vice-president for data processing, and Clayton P. Sturgeon, director of planning and research, becomes assistant vice-president for methods and procedures.

Mr. Dierkes has been with State Farm since 1934 and Mr. Sturgeon since 1939.

Also named by the State Farm group were two new agency directors—Donald Frischmann and G. Gilbert Nellis, both at the west central office in Lincoln. They both previously had served as assistant agency directors there.

John A. Neu, assistant agency secretary in the home office since 1947, will become agency secretary Jan. 1. He replaces Harold D. Saurer who retires after 26 years with the company.

Other promotions and transfers:

—East central office, Newark, Ohio—Robert Chalk, property claim supervisor, becomes property claim superintendent; James Hodsdon, assistant claim superintendent, becomes claim superintendent.

—Eastern office, Charlottesville, Va.—E. Thomas Zimmer, property claim supervisor becomes property claim superintendent.

—Michigan office, Marshall, Mich.—Albert Plueddemann, claim superintendent, becomes divisional claim superintendent.

—Mid-Atlantic office, Springfield, Pa.—Richard Meyer, divisional claim superintendent (Michigan), becomes division manager.

—Missouri-Kansas office, Columbia, Mo.—Jesse Dornan, assistant claim superintendent, becomes claim superintendent.

—North central office, St. Paul—John O'Connor, assistant claim superintendent, becomes claim superintendent.

—Northwest office, Salem, Ore.—Robert Knapp, assistant claim superintendent becomes claim superintendent.

—Southern office, Birmingham—Lewis Hill, assistant claim superintendent, becomes claim superintendent (Fire); John Sager, assistant underwriting superintendent, becomes underwriting superintendent (Fire); Kenneth Zimmer, assistant service superintendent, becomes service superintendent (Fire).

—Home office, Bloomington, Ill.—Myron G. Wilkie, superintendent of systems development, becomes director of electronic data processing research;

Roger Woodrey, senior analyst in systems development, becomes superintendent of electronic data processing research; James D. Hickey, senior analyst in systems development, becomes superintendent of programming; Elmo F. Gentes, assistant superintendent of systems maintenance, becomes superintendent of programming; John B. Janes, assistant superintendent of systems research, becomes superintendent of electronic data processing research.

## Md.-Del. Field Men Elect

Maryland-Delaware Insurance Field Club has elected W. Darby Miller, Agricultural, president; Paul E. Zacharski, Atlantic Mutual, vice-president; Edward W. Lazenby, American Home, secretary; and Eugene P. Dougherty, Fidelity & Casualty, treasurer.

Insurance Society of New York will have Carl E. McDowell, executive vice-president of American Institute of Marine Underwriters, as guest speaker for its luncheon meeting Jan. 18. He will discuss the character of marine insurance.

## Sutton Retiring After 40 Years With F.&D.

Franklin W. Sutton, manager of the contract bond department of Fidelity & Deposit, will retire Jan. 1. He is recognized in the business as an outstanding underwriter of contract bonds. He has been with F.&D. since 1920.

## Aetna Fire Transfers Gerrish To New Orleans

Aetna Fire has transferred Robert B. Gerrish, special agent, from Dallas to New Orleans. He joined the company in 1950, graduated from its multiple line training school in 1952 and, after serving as a marine underwriter, was appointed to Dallas in 1955.

## Pittsburgh Mariners Elect

Mariners Club of Pittsburgh has elected Ralph Fiorentino, Appleton & Cox, skipper; Larry Ehringer, Atlantic Mutual, first mate; Jack Keegan, Marine Office of America, purser; George B. Kurtz Jr., National Union, yeoman; and Jesse Weaver, Gateway Marine Survey Co., sergeant at arms.

## Aetna Fire Promotes Samuels In Auditing

Aetna Fire has named John T. Samuels manager of the payroll audit department. He joined the company in 1943 as a payroll auditor at Philadelphia and was transferred to Hartford in 1948 and promoted to superintendent in 1952.

## Southwest CPCU Teachers Hold Dallas Conference

American Institute held a two-day conference in Dallas attended by 45 teachers of the Chartered Property & Casualty Underwriters course in the southwest. It was the second conference of the annual series devoted to current CPCU developments.

Teaching techniques for CPCU study classes conducted at universities and colleges were discussed in an idea-sharing session by various college professors, attorneys, and CPCUs active in insurance teaching. They also discussed curriculum revisions, use of the new CPCU study guide, insurance survey teaching, and teacher contact bulletins.



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## Blum Reports On Agency Automation Project At NAIA Executive Meeting

Automatic agency accounting could aid agents in retaining their independence, and would relieve agents of much paper work and allow them to devote more time to selling and servicing, Arthur Blum, Rockaway Park, N. Y., told the meeting in New York of the executive committee of National Assn. of Insurance Agents. Mr. Blum, head of a special subcommittee

of the agency management committee of NAIA, urged further study on how this system may be made available to all NAIA members.

Paul Dow, NAIA treasurer, was appointed staff secretary to assist Mr. Blum in the project.

The executive committee will meet in Philadelphia April 13-16 before the midyear meeting there April 17-19 of the National Board of State Directors.

### Hayes Heads St. Paul Claim Men

Thomas W. Hayes Jr., Mutual Service Casualty, has been elected presi-

dent of St. Paul Claim Men's Assn. Richard F. Reinecke, St. Paul F.&M., is vice-president and Kenneth Jones, Anchor Casualty, is secretary-treasurer.

### Shelley Assistant V-P Of State Farm F.&C.

Edward H. Shelley joined State Farm F.&C. as assistant vice-president. He has been methods and data processing manager of Cooperative GLF Exchange at Ithaca, N. Y., an agricultural marketing cooperative.

## Schweihs Will Succeed Hall As Hartford Fire Chief At Minneapolis

Hartford Fire group has named Michael Schweihs manager of the northwestern department at Minneapolis to succeed C. W. Hall who is retiring Jan. 1.

Mr. Schweihs joined the group in 1930 at Chicago. He became special agent at Toledo in 1940 and was advanced to associate manager at Minneapolis in 1949. He is also secretary and a director of Twin City Fire.

Mr. Hall was deputy commissioner of Montana from 1927 to 1930 when he joined Northwestern F.&M. In 1941 he was named president of that company. He has been vice-president and director of Twin City Fire since 1933.

## Ore. State Employees Ask For Free Health Plan

ROSEBURG, ORE.—Oregon State Employees Assn., at its annual convention here, has called for the state to provide and pay for a medical-hospital plan for state workers.

The organization also took action on a number of resolutions calling for improvement in retirement programs.

## Auto Bills From All Over

Sen. Speno has filed a bill which he will introduce in the 1961 New York legislature prohibiting cancellation of auto liability policies by insurers. Cancellation is permissible for non-payment of premiums, fraudulent misrepresentation in the application, conviction for felony, suspension or revocation of operator's license during the policy term, failure to pay for a previous policy in full, failure to comply with auto inspections, and a condition of epilepsy or heart trouble. There is nothing in the bill about non-renewal.

Sen. Lerner has filed a bill to prevent cancellation of auto liability policies after 60 days from policy issuance. Exceptions are non-payment, misrepresentation, and suspension of driving license. The policy would be non-can for five years. Another bill would appropriate \$15,000 to investigate auto liability rates in the Bronx.

In Maryland the unsatisfied judgment fund is running low, and the motor vehicle commissioner has proposed that the law be changed to prevent insurers, after paying claims against an uninsured motorist, from proceeding against the fund to recover. So far, \$62,155 has been paid out for such claims and claims totaling \$280,000 still are pending.

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## Hartford Fire's Story Told In New Book In Terms Of U. S. History

The story of Hartford Fire and the part it has played in a century and a half of American history, is told in the Hartford of Hartford, written by Hawthorne Daniel and published by Random House. James C. Hullett, president of the company, contributed the foreword.

The development of the nation is reflected in the chronicle of the growth of Hartford Fire. The company wrote the first fire policy on an American college, Yale, in 1825, insured the homes of Robert E. Lee and Abraham Lincoln before the Civil War, and began writing business in Hawaii in 1885. The first rain insurance on a rodeo was issued by the company in 1920. The company wrote the contract bond on the Hoover Dam in 1931, and bonded the construction of the Golden Gate Bridge shortly afterward. Hartford Fire paid almost \$10 million in losses after hurricanes Carol and Hazel in 1954.

### Other Events

The greatest peacetime tragedies in the history of the U.S. form important chapters in the Hartford history. After the New York fire of 1835, Eliphalet Terry, Hartford Fire president, traveled by sleigh from Hartford to pay all claims in person. The company was one of 51 (of 202 companies involved) which paid its losses in full after the Chicago fire of 1871. Although the company's records were nearly all destroyed in the San Francisco earthquake and holocaust, more than \$11.5 million in losses were paid on the basis of a few charred maps with penciled notations of coverage. This was the largest amount ever paid by any company in a single fire up to that time.

The new book, approximately 7 1/2 x 10 in size and more than 300 pages in length, includes full-page portraits of all presidents of the company, as well as a detailed appendix and an index.

## Employers Liability Names 'Man With The Plan' Judges

Employers Liability has named five agents to the selection committee of "The Man with the Plan" for 1960.

The agents named are: Frederick R. Drayton of Stokes, Packard & Smith, Philadelphia; Barney Flood of Flood & Peterson, Greeley, Colo.; Jennings M. Bryan, Burlington, N. C.; E. Clifford Ladd of W. C. Ladd agency, Rockland, Me.; and Roderick W. Maxwell, Maxwell Underwriters, Detroit. "The Man with the Plan" award is made on the basis of the agent's contributions to his community, the business, and the agency system. The winning agent will have the honor of presenting the company's \$2,000 scholarship to a secondary school senior of his choice.

## AMA Sets Buyers' Seminars For N. Y. City, Chicago

The insurance section of American Management Assn. has scheduled workshop seminars on corporate insurance administration to be held in New York and Chicago.

The first New York seminars April 3-5, will be devoted to efficient records and statistics, and also principles and practices for today's risk manager. The latter topic will be repeated in New York May 24-26, at which time there will be a seminar on developing com-

pany approach and policy on risk management.

On April 12-14, legal and tax fundamentals which affect corporate insurance decisions will be discussed. On June 7-9, the special problems of officers who are responsible for insurance in addition to other duties will be covered.

The Chicago seminars will be held June 6-8. One will examine development of proper general insurance coverage. The other will be devoted to a discussion of self insurance with regard to excess and deductible coverages.

## Insurer Feels Policy Issued Just Before Fire Is Invalid, Jury Doesn't

A policy for \$120,000 issued on a home in Excelsior, a Minneapolis suburb, two days before it was destroyed by fire has resulted in a verdict for \$96,500 against Firemen's of Newark.

The policy had coverage of \$75,000 on the house, \$30,000 on the contents and \$15,000 for living expenses. When the jury returned a verdict for \$75,000, Federal Judge Devitt asked it to reconsider its findings, explaining that damages besides the face amount of the policy were involved. The jury resumed deliberations and later brought in an amended verdict for \$75,000 for the home and \$21,500 for contents and living expenses.

Firemen's, during the trial, contended the policy was not in force at the time of the fire, that fraud was involved and that the fire was intentionally set. The owner of the home, William Craigie, was general manager of a large coffee firm. The insurer argued that the policy would not go into effect until Craigie completed a business transaction whereby he was to acquire an interest in the coffee firm. This transaction did not go through and the insurer contended the policy never was validated. Craigie claimed the Firemen's policy was a replacement for one carried with another company.

Heineke, Conkling & Schrader, the Chicago insurance law firm, was host to a large number of its friends last week at the Union League Club in what has become one of the more popular annual Christmas events in Chicago.



Robert H. Lynn (right), president and founder of the new Chicago general insurance agency of Lynn & Co., at an open house marking the agency opening. At left is his associate William P. Zeller, who is secretary-treasurer. Mr. Lynn and Mr. Zeller have been with Joyce & Co. agency of Chicago, Mr. Lynn beginning in 1952 and Mr. Zeller in 1946.

## Ohio Governor Seeks To Get State Out Of Blue Cross Regulation

Gov. DiSalle of Ohio has recommended that the legislature enact a law divesting the insurance superintendent of power to regulate Blue Cross rates. Present laws, the governor contends, do not give the department authority to do an effective job. The superintendent does not now have the power to inquire into hospital operating costs and admission practices, a major Blue Cross rate factor.

Superintendent Stowell has been spending much of his time in recent months fighting with various Blue Cross groups over proposed rate increases. Gov. DiSalle said he felt it is unfair to the state to place it in a position of having to approve rates without an effective examination of the facts involved.

Blue Cross organizations actually are not insurance companies, the governor said, but are merely collection agencies for the hospitals.

After the department refused to approve a 28.5% increase for the Cincinnati area Blue Cross the decision was challenged in court. Meanwhile, the Cleveland area Blue Cross is seeking a 27.5% increase.

## Pa. WC Fund Shows Many Overdue Accounts In Audit

Delinquent accounts amounting to \$34,479 and owing for more than two years were revealed in an audit of the Pennsylvania workmen's compensation fund for the year ending Dec. 31, 1958.

The fund reported premiums earned

of \$5,573,984 for 1958 and underwriting expenses of \$6,800,908 for an underwriting loss of \$1,226,924. Investment income brought the loss down to \$920,378. Surplus was reduced to \$3,689,849.

The report said that that premium balances of \$508,679 included \$216,109 which was more than three months overdue. It was further noted that employers who still owe past due premiums on former policies have applied for and have been issued new policies without paying the overdue balances. Charles C. Smith, auditor general of Pennsylvania, has urged correction of this practice.

## Merger Of Hanover, Mass. Bonding Expected June 30

A. Lawrence Pierson Jr., president of Massachusetts Bonding, told a meeting of stockholders of the company in Boston that the merger of Hanover and Massachusetts Bonding is expected to become effective next June 30. Merger talks are progressing satisfactorily, he indicated.

## Reeder Retiring Dec. 31

C. E. Reeder, veteran Ohio special agent of National Fire, is retiring at the end of this month. He started with the company at Columbus in 1923, under the late G. W. Thrush, who was then state agent. After Mr. Thrush's death, Mr. Reeder took over western Ohio and in 1957 opened the Toledo service office along with W. H. Grigsby, who is now Wayne County manager at Detroit. Mr. Reeder plans an extended trip to Europe, Africa and the Middle East and after that will return to Greenville, O., where he has always made his home.

### PRIMARY COVERAGES IN ILLINOIS

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## WIIS Stresses Unity To Improve Public Image Of Industry

The need for greater unity of purpose by the entire casualty industry in meeting public relations challenges keyed the annual meeting of Western Insurance Information Service at Los Angeles. The day-long meeting, with 110 in attendance, was devoted to improving the public's image of the business.

John T. Gurash, Pacific Employers, was elected president, James G. Shields Jr., Industrial Indemnity, vice-president, and Leonard T. Backus, Fireman's Fund, secretary-treasurer. Max White, State Farm Mutual Automobile, was named chairman of the executive committee.

### Must Use Restraint

In his acceptance remarks, Mr. Gurash said: "While we must consider the wisdom of adjusting our sights to meet changing conditions under which we will be living and doing business, we must join in restraining the stampede for social reforms aimed at destroying our system of free enterprise in this country."

Bickering within the industry, he declared, "can only serve to confuse and alienate the public and ultimately damage our image as a business. It is my hope that in the coming year we can approach our tasks with positive thinking, with courage, enthusiasm and unity of purpose in improving our relations with the public."

Outgoing President William J. Bradlock, Mid-Century, who spoke at the luncheon, said that WIIS has been a real force in stimulating public relations by the entire industry, setting the pattern for an effective and realistic approach.

"But," he warned, "if the industry is in agreement that one of the fundamental purposes of any public relations program is to improve that thing we call the public image, then it behooves the entire industry to work together harmoniously and to bend every effort possible to implant a better public understanding of the basic principles of insurance and of the many services it renders to the public good."

Mr. Shields, in making his report as outgoing chairman of the executive committee, praised the WIIS program for "bringing about a more intelligent public acceptance of rate adjustments, a greater improvement in public attitude with respect to the disposition



New officers of Western Insurance Information Service elected at Los Angeles annual meeting are, from left: James G. Shields Jr., Industrial Indemnity, vice-president; John T. Gurash, Pacific Employers, president; Leonard T. Backus, Fireman's Fund, secretary-treasurer; and Max White, State Farm Mutual Automobile, chairman.

of settlements, and a greater recognition of the many contributions which the insurance industry has made to the public welfare."

Also, he lauded the officers for sponsoring Toastmasters Club affiliation for members of the speakers' bureaus and for increasing participation in Business-Education Day as a means of promoting better understanding between educators and business people.

The outbreak of public abuse of one

segment of insurance by another was decried at both the meetings of the members and of the public relations advisory committee. Speaking at the PR session, Harold W. Pigott, General of Seattle, declared, "This is a time when we should all be doing everything within our power to build public respect for private insurance enterprise rather than dissipate our efforts in useless and damaging rock-throwing."

### America Fore Loyalty Group A&S Agents Meet

Fifty-three general agents of America Fore Loyalty group from 18 mid-west states met in Chicago for the group's annual Assn. of A&S Group Agents meeting.

The two-day affair, under the supervision of Irving G. Wessman, Loyalty companies secretary, featured discussions of production ideas, competitive factors, analyses of coverage and problems facing the multiple line agency today.

William R. Prouty, Des Moines, was this year's chairman.

### In Ia. Comp. Bureau Post

Leary Jones has been appointed assistant manager of North Central Compensation Rating Bureau at Des Moines. He joined the Bureau in 1956. Mr. Jones will assume his new position on Jan. 2.

### The Fund Increases Dividend

Directors of Fireman's Fund have declared an increase in the regular quarterly dividend from 45 to 50 cents per share, payable Jan. 16 to stock of record Dec. 28.

### Zurich Promotes Two

Zurich has promoted James E. Leahy to assistant to the controller and James A. Lane to superintendent of payroll audit. Mr. Leahy will have management responsibility for agency collections, premium coding, loss records and central files. He joined Zurich in 1948 as an auditor and in 1954 became superintendent of the audit department. Mr. Lane joined the company in 1955 as an auditor and advanced to supervising auditor in 1959.

Northern of New York has elected R. Manning Brown Jr., vice-president of New York Life, a director.

### Columbus (O.) Casualty Managers Elect Martling

Fred W. Martling Jr., Ocean Accident & Guarantee, has been elected president of Columbus (O.) Casualty Insurance Claims Managers' Council. Frank R. McNulty, General Accident Fire & Life, was elected vice-president, and Edward Johnson, Liberty Mutual, secretary-treasurer.

### Zurich Promotes Orr At Buffalo Office

Zurich has promoted Kenneth C. Orr to sales superintendent at Buffalo.

Mr. Orr joined Zurich in 1960 as a sales representative in Buffalo. Previously he had been a special agent there with Home for four years and Republic of Dallas for two years.

### Strudwick Appoints Clepper

Loren R. Clepper has been appointed to the newly created position of assistant to the comptroller of A. E. Strudwick Co. at Minneapolis. He has been an examiner for Northwest Bancorporation.

### Homola In Ind. For Boston

Boston has appointed Glenn L. Homola special agent at Indianapolis. He will be under the direction of DeWitt A. Meyers, resident secretary of the Cleveland regional office. W. K. Miller has been appointed casualty underwriter at Indianapolis.

Underwriters Club of Philadelphia has elected Robert H. England, Travelers, president; James Cortright, Aetna Fire, vice-president; Ernest Dancer, Aetna Casualty, secretary; and L. W. Pearl Jr., U. S. Casualty, treasurer.

Pittsburgh Assn. of Insurance Agents, at the December meeting, heard O. D. Shipley, Pennsylvania safety commissioner, describe the state's efforts to eliminate problem drivers.

## Frank Barrett To Replace Grubbs As Nebraska Director

Immediately following his inauguration in January, Gov.-elect Frank Morrison of Nebraska will appoint Frank Barrett director of insurance, replacing William E. Grubbs.

At the age of 28, Mr. Barrett will become the youngest director in Nebraska history, breaking the record set by Mr. Grubbs when he was appointed at 32.

Mr. Barrett, who on the invitation of Mr. Grubbs already has moved in with the latter to affect a smooth transition of the office, is a graduate of the University of Nebraska law school. For the past few years he has been an attorney for Nebraska National Life.

President of Nebraska National Life is Thomas R. Pansing, who was director immediately before John Binning, Mr. Grubbs' predecessor. Messrs. Pansing and Binning also are partners of a Nebraska law firm.

## Utilities Of St. Louis Marking 50th Year

Utilities of St. Louis on Dec. 1 began its 50th year of operation. It is the oldest domestic stock casualty company in Missouri.

Utilities was founded in 1911 to write insurance for public utilities plants. In its early years it was a reciprocal operating under the title of Utilities Indemnity Exchange. In 1932 its present name was adopted and the company was changed to a stock insurer.

Preferred Fire of Topeka, the oldest domestic stock fire company, was acquired in 1940, and Preferred and Utilities comprise the present Utilities group. John J. Nangle is president of both companies.

Within 18 months, Utilities intends to erect a home office building in the Mill Creek Valley area of St. Louis, a 465-acre rehabilitation project which is one of the largest of its kind in the U.S.

## N. Y. Casualty Managers Elect Strain Chairman

Casualty Managers Assn. of New York City has elected James Strain, Yorkshire, chairman; Matthew S. Dunne, American, vice-chairman; and John Grygo Jr., Yorkshire, secretary-treasurer.

## Elected A Director



C. M. Elsner

Charles M. Elsner, vice-president in charge of reinsurance of Security Mutual Casualty of Chicago, has been elected a director. He has been with the company since 1949, specializing in reinsurance since 1952.

## Newburg (Ore.) Agents Elect

Newburg (Ore.) Assn. of Insurance Agents has elected Homer O. Chamberlain president and Ray Hopp secretary-treasurer. The office of vice-president has been eliminated.

Massachusetts has approved a 2.6% increase in workmen's compensation rates, effective Dec. 15.

## National Indemnity To Pay One For 21 Stock Dividend

National Indemnity is paying a stock dividend of one additional share for each 21 owned. This will bring capital to \$1,100,000. The dividend is payable Dec. 24 to stock of record Dec. 19. The one for 21 rate is used instead of 5% in order to keep capital at a round number.

## Fill Boston, Jacksonville, Detroit Posts Of McGee

William H. McGee & Co. has opened an office at First National Building, Detroit. Harold Seestadt has been placed in charge and will supervise marine and multiple line business for Michigan.

James Robbins has been named manager at Jacksonville, Fla., succeeding the late Dawson Campbell. Earl A. Posey has been placed in charge of the Boston office.



## Casualty & Surety Dinner Is A Success

NEW YORK—At its annual dress-up dinner here, Casualty & Surety Club of New York elected Benjamin F. Gates of Hartford Accident president, Rankin Martin of Standard Accident and Peter Barr of Commercial Union-North British vice-presidents, and Rexford Crewe of Hartford Accident secretary-treasurer.

Named to the executive committee are Harry Schmedes of American Surety, Matthew Dunne of American, George P. McGrath of Travelers, Carroll R. Young of Fidelity & Casualty, and Edward W. Ellison of Aetna Casualty. George F. Avery of U.S.F.&G., the outgoing president, handled the gavel and introduced those on the dais, including J. Dewey Dorsett of Assn. of Casualty & Surety Companies, William Leslie Jr. of National Bureau, Warren Gaffney of Surety Assn. of America, Robert E. Marshall of National Council on Compensation Insurance, Newell Alford Jr. of the New York department, W. J. Jeffery of U.S.F.&G., M. J. Rhew of Royal-Globe, James M. Henderson of Fidelity & Deposit, chairman of the nominating committee, and Howard L. Cox of U.S.F.&G., outgoing secretary of the club.

In spite of cold weather and stacks of snow which made travel by foot or otherwise both difficult and dangerous, the ballroom of the Waldorf was packed.

## Marsh & McLennan Acquires Old Kalamazoo Agency

Marsh & McLennan has acquired the Rankin-Pierce agency of Kalamazoo, Mich. The agency accounts will be serviced by William A. Pierce formerly president, and Robert F. Topp.

The agency, one of the oldest and largest in the city, was founded in 1881 by E. S. Rankin. In 1953, it merged with the Pierce agency, which was formed in 1931.

## Settles For \$22,000 In Liquor Liability Suit

The U. S. southern district court of New York has approved a \$22,000 settlement in favor of Mrs. Dorothy L. Perry of Stamford, Conn., in a \$350,000 damage suit against Emily Shaw's Inn, Pound Ridge, N. Y. The case resulted from the death of Mrs. Perry's husband, Edward, in a head on collision between a car she was driving and one he drove.

Mrs. Perry sued the inn on grounds that shortly before the accident on April 26, 1958, her husband had been

served whiskey there after he was intoxicated. She left her home at 1 a.m. in a station wagon to look for him, and he left the inn at approximately the same hour. The cars met head on at a curve on Route 137 in Pound Ridge. Mr. Perry died of a fractured neck.

The settlement was reached after negotiations between counsel. The lawyer for the inn stressed that the defendant steadfastly insists that it was in no way liable for the accident and had only entered into negotiations with that understanding.

## IAHU Mails Blanks For Top Agent Recognition

Applications are now being accepted by International Assn. of Health Underwriters for membership in the Leading Producers Round Table on the basis of 1960 business.

Three awards are given—gold for over \$20,000 of annualized premium; silver for \$15,000 to \$20,000; and bronze for \$10,000 to \$15,000. Applicants may count group up to one-third of their total production.

The LPRT award is a certificate or,

at slight extra charge, a wall plaque. All winners receive insignia mats for printing on stationery, and tie clasp and lapel pin jewelry are available to them.

Deadline for application is March 1, and awards will be presented at local association meetings in May and June.

District of Columbia Assn. of Insurance Agents at a luncheon meeting heard Jerome Sachs, director of the insurance staff of Department of Commerce, discuss the international insurance scene.



Manuel Lujan, center, of the Manuel Lujan Agency is pictured with his partners Benjamin P. Padillo, left and Manuel Lujan Jr., right.

## "General has played a key part in increasing our production"

says Manuel Lujan of Santa Fe, New Mexico, a GENERAL Insurance Company of America agent for the past 18 years.

In 1942 Manuel Lujan wrote about \$4,000 in GENERAL Premiums . . . that was just the beginning . . . today the total GENERAL-SAFECO-LIFECO business of the agency is in the high six figure bracket.

In summing up what GENERAL has meant to his agency, Mr. Lujan, Sr. says, "It has been a means of increasing our production volume; it has meant prompt and excellent service to us and our assureds; it has meant savings to our assureds in a company of strong financial position and aggressive, forward looking management. I have found that GENERAL provides its agents with the best in competitive sales weapons and up-to-date insurance coverages."

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## Traces N. J. Surplus Line Developments

(CONTINUED FROM PAGE 6)

note and policy must be filed with the department for review, particularly as to whether it is properly a subject for surplus handling.

A third feature of the law provides in effect that when the commissioner holds a hearing and determines that certain risks or classes of insurance cannot be obtained in the admitted market, a list of such items may be promulgated by him, and licensed com-

panies may compete for this business regardless of other provisions of the surplus lines law or the rating law. New Jersey does not have the provision in the New York law which permits a special rate to be charged where the written consent of insured is obtained and the rate is filed with and approved by the insurance department.

The subject of surplus lines has been given a good deal of study in other areas, Mr. Stern said. Sen. Kefauver

has indicated that the Senate anti-trust subcommittee intends to take a look at the supervision of surplus lines insurance by the states. National Assn. of Insurance Commissioners is studying the matter.

### Serves Valuable Purpose

A good deal of interest in the proposed NAIC model bill has also been expressed by a special consumers' committee composed of large insurance buyers. This committee has emphasized that the surplus lines market serves a necessary valuable purpose and that

any proposed legislation should not hamper the proper flow of business into this market.

Mr. Stern said a major issue is whether new legislation should contain a list of eligible companies. It is argued that declaring an unadmitted company to be eligible is tantamount to licensing the company, but without providing the normal safeguards. Mr. Stern believes that the job needs to be done. The latest draft submitted to the commissioners (as well as the New Jersey law) provides for such a list of eligible companies to which recourse may be had where the insurance cannot be placed with licensed companies, and in the event placement cannot be effectuated with the "eligible" companies, resort may then be had by the surplus broker to unlicensed companies of lesser financial standing. In Mr. Stern's opinion, if any review at all is attempted by an insurance department of the financial qualifications of unlicensed companies, a "white" list rather than a "black" list is the only administratively workable solution, since a black list inevitably requires scrutiny of all non-licensed companies.

The second issue raised is whether a state can support a stamping office operation of the kind set forth in the model and New Jersey bills. Mr. Stern thinks it can and also believes that such an office will be largely self-supporting because of the increased tax revenues which should be obtained by stricter regulation of these transactions.

The third issue raised is whether or not a group or list of guiding principles would not be better than a proposed NAIC surplus lines law. Mr. Stern doubts that an insurance department could readily prepare an adequate surplus lines law, guided merely by a list of general principles. He advanced this view both as an attorney and as a regulatory official.

### N. Y. Brokers To Sponsor Bill For Higher AR Limits

Greater New York Insurance Brokers Assn. will sponsor in the 1961 legislative session a measure for higher auto AR limits for those requesting them. The proposed bill will call for limits of 25/50/5 and would permit assigned risks to buy the broad family coverage or UM protection and \$1,000 medical payments.

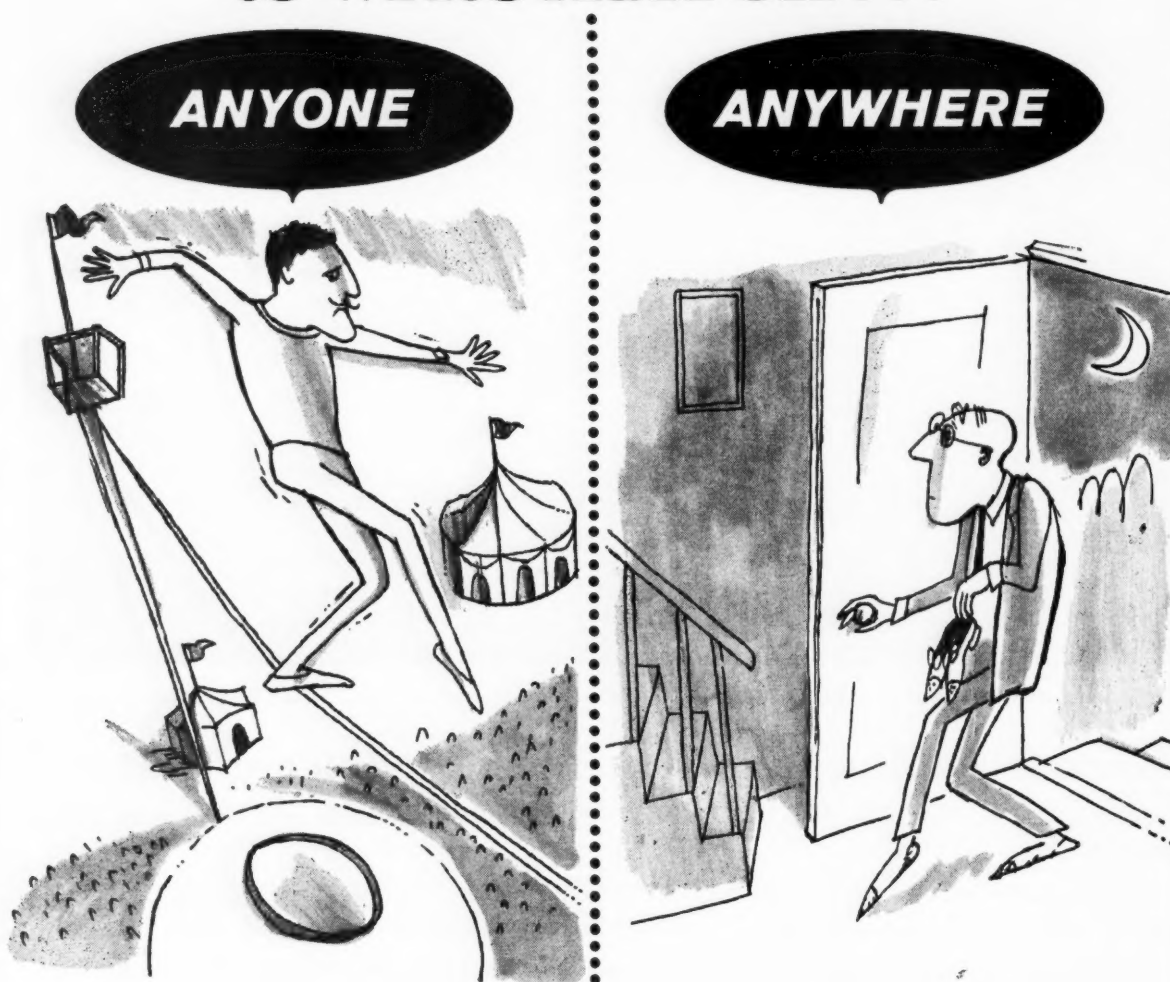
The brokers' group will not endorse the proposal of National Bureau and Mutual Bureau for non-can auto policies. The proposal which prohibits cancellation after the policy is in effect 60 days, is really a 10 month non-can policy and not a one year policy, the brokers contend. They maintain that it is inadequate and will not solve the problems of cancellation, declinations and non-renewals.

### Deep South CPCUs Elect

Deep South CPCU chapter (New Orleans) at the December meeting elected J. B. Borel, Indemnity of North America president; Garner J. Knoepfler, Phoenix of Hartford, vice-president; Allen F. Miller Jr., Bituminous Casualty, secretary, and John M. Googan, Travelers, treasurer. Plans for study courses for 1961 were discussed and the chapter voted to continue its annual contribution to New Orleans public library for maintenance of its insurance section.

London & Lancashire group has moved its Pacific department offices to 315 Montgomery Street, San Francisco.

## You can count on Continental to write A&H on . . .



Every step counts when you're a highwire artist—and highwire artists can count on Continental for Accident and Health Insurance. We're just as happy to write A&H on the tightrope walker as on the man with both feet on the ground and shoes in hand, tiptoeing in after a long poker session with the boys.

See your nearest Continental Agent or Branch Representative for complete information on any of our A&H products—Loss of Income . . . Hospital . . . Medical . . . Accidental Death . . . Travel, etc. Individual and Group coverages are available for Standard and Impaired Risks and People Over 65.

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## Market Man Twedt Twits Insurance For Ineffective Ads

The insurance industry "turns out more advertising that I think is ineffective than any other industry," Dik Twedt, president of the Chicago marketing and psychological research firm of Faison & Twedt, told members of Chicago chapter of Society of CPCU at their December meeting.

Election of officers was conducted at the meeting, and Frank Hohenadel was advanced to president, succeeding Charles Burney, National Casualty. Others elected are Edward Bowman, Stewart, Keator, Kessberger & Lederer, executive vice-president; Lewis R. Plast, Cook County Inspection Bureau, vice-president; Mrs. Mildred R. Marion, Liberty Mutual, secretary; and Warren Brockmeier, Homer Gwinn & Co., treasurer.

### Ignore Four Secrets

All too often, Mr. Twedt said, insurance advertising ignores the four secrets of effective advertising, and these are really answers to four simple questions: What is for sale? Why is it better? How much does it cost? Where can it be bought?

Furthermore, insurance advertising appeals are too often based on borrowed interest, the visual pun and sometimes on the wholly irrelevant. These ads do not express an instant meaning. The reader has to work at it to find the meaning, and few readers are going to take the time to do so, he said.

Mr. Twedt explained a method used to determine effective sales appeal. Called a "trivariant analysis," it is a



Chicago chapter of Society of CPCU elected new officers at the December meeting. From left are Charles Burney, National Casualty, outgoing president; Frank Hohenadel, president; Lewis R. Plast, Cook County Inspection Bureau, vice-president; Mrs. Mildred R. Marion, Liberty Mutual, secretary; Warren Brockmeier, Homer Gwinn & Co., treasurer; Edward Bowman, Stewart, Keator, Kessberger & Lederer, executive vice-president; and Dik Twedt, president of the Chicago marketing and psychological research firm of Faison & Twedt, who spoke at the meeting.

formula for measuring desirability, exclusiveness and believability of the sales idea. By assigning points for each category on a scale from one to 100, the idea effectiveness can be tested. For example, when a realtor urges a prospect to buy one of his houses because it has a roof, the idea would rate high on desirability and believability but zero on exclusiveness, since most homes nowadays come equipped with roofs. The sales pitch for a pill that prevents common colds would score 100 on desirability and exclusiveness but few readers would believe it.

### Impression Not True

The public has been exposed to the "gray flannel" concept of advertising, but this impression is not a true one, he said. Modern marketing is selling what people want to buy, rather than what a manufacturer happens to make. Advertising agencies have a responsibility to find out what the public wants and to persuade their clients to provide it, he said, and he suggested a couple of innovations in coverage which the insurance industry could devise to satisfy public need.

Direct writers, Mr. Twedt declared, were the best thing that could happen to the insurance industry. Through their advertising and their marketing methods, they have forced the rest of the industry to reappraise their programs and to provide what the public really wants.

### Hearing Set On N. C. Inland Marine Rates

Inland Marine Insurance Bureau has filed general rate revisions for 1961 in North Carolina. A public hearing will be held on the filing Jan. 10. It calls for increases on commercial, camera and bicycle floaters and for reductions on wedding presents, floor plan, and furriers and customers floaters.

A proposal for neon signs would make the deductible feature uniform and would reduce rates slightly in this class.

General Re has named Reed O. Hunt, president of Crown Zellerbach Corp., and Samuel C. Waugh, president of the Export-Import Bank of Washington, directors. Mr. Hunt was recently director of the President's Conference on Occupational Safety. Mr. Waugh was assistant secretary of state for economic affairs from 1953 to 1955.

### Cites Effect Of A&S Advertising Inquiry

The Federal Trade Commission's investigation of health and accident insurance advertising was touched on by Commissioner Sigurd Anderson in a talk at the midyear meeting of Insurance Advertising Conference in Washington, D.C.

The investigation had been prompted, he said, by the commission's belief that people were being induced to buy insurance through unfair advertising. The business challenged this belief, and the courts determined that the commission had no jurisdiction over insurance advertising, with the possible exception of mail order insurance, an issue not yet settled.

However, Mr. Anderson pointed out, the commission's action did cause the insurance business to modify its A&S advertising procedures. He quoted Commissioner McConnell of California as having said that the investigation had resulted in "a vastly improved system of regulation of insurance advertising under state laws."

The insurance business and the commission share a desire to promote truthful advertising, said Mr. Anderson.

The modern business man, he observed, cannot overlook government, a "silent partner" that it behooves him to know well. Since the laws governing business practices are not always commonly known and understood, it is better for the business man to ask questions before taking action than to learn the hard way by receiving a reprimand from a regulatory body, of which there are 226 in the federal government.

### Hardware Alumni Assn. Meets

Charles Karch, Pekin, was reelected president of Hardware Alumni Assn., an organization of former Illinois agents of Hardware Mutuals of Stevens Point, Wis., at the annual meeting in Peoria. Dale Trees, Roberts, was named secretary-treasurer. Claude Spencer, 1st vice-president National Assn. of Mutual Insurance Agents, led an open discussion on agency problems, and other discussion was heard relevant to direct billing, sales techniques and getting more members for the association.

Henry M. Howland, agency supervisor, has been transferred by Phoenix of Hartford from Los Angeles to San Diego.

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## Conventions

Dec. 28-30, American Assn. of University Teachers of Insurance, annual, St. Louis.

### 1961

Jan. 9, International Federation of Commercial Travelers Insurance Organizations, midyear, Edgewater Beach Hotel, Chicago.

Jan. 13-15, National Assn. of Claimants' Compensation Attorneys' Bar Assn., midyear, Arizona Biltmore Hotel, Phoenix.

Jan. 14, Southeastern Region of National Assn. of Independent Insurance Adjusters, annual, Dinkler-Plaza Hotel, Atlanta.

Feb. 9-10, Conference of Mutual Casualty Companies, fire conference, Conrad Hilton Hotel, Chicago.

Feb. 13-15, Health Insurance Assn., group insurance forum, Biltmore Hotel, New York City.

Feb. 22-24, Michigan agents, midyear, Statler-Hilton Hotel, Detroit.

March 9-11, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Penn Harris Hotel, Harrisburg.

March 12-15, National Assn. of Mutual Insurance Agents & Texas mutual agents, combined midyear, Shamrock-Hilton Hotel, Houston.

March 13, Rhode Island agents, midyear, Sheraton-Biltmore Hotel, Providence.

March 14, New Jersey agents, midyear, Cherry Hill Inn, Haddonfield.

March 14, Pittsburgh I-Day, Hilton Hotel.

March 17-18, Mississippi mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park.

March 23-24, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton Hotel, Chicago.

April 5-7, Pacific Coast Advisory Assn., annual, Biltmore Hotel, Santa Barbara, Cal.

April 9-13, National Assn. of Surety Bond Producers, annual, St. Francis Hotel, San Francisco.

April 16-18, Eastern Agents Conference, annual, Sheraton Hotel, Philadelphia.

April 17-18, Iowa mutual agents, annual, Savery Hotel, Des Moines.

April 17-18, Ohio mutual agents, annual, Neil House Hotel, Columbus.

April 17-19, National Assn. of Insurance Agents, midyear, Philadelphia.

April 20-21, Southern Claims Conference, annual, Dinkler-Plaza Hotel, Atlanta, Ga.

April 23-27, American Assn. of Managing General Agents, annual, Camelback Inn, Phoenix.

April 27-28, National Assn. of Casualty & Surety Agents, midyear, Sheraton-Belvedere Hotel, Baltimore.

May 3-5, Casualty Actuarial Society, midyear, Concord Hotel, Klamath Lake, N. Y.

May 4-5, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton Hotel, Chicago.

May 7-9, Alabama agents, annual, Russell-Erskine Hotel, Huntsville.

May 7-9, Virginia & D. C. mutual agents, annual, Williamsburg Inn, Williamsburg.

May 7-10, New York State agents, annual, Syracuse Hotel, Syracuse.

May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.

May 9, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York City.

May 12-13, Mountain States mutual agents, annual, Harvest House, Boulder, Colo.

May 12-13, Oklahoma agents, annual, Biltmore Hotel, Oklahoma City.

May 14-16, Iowa agents, annual, Savery Hotel, Des Moines.

May 14-16, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.

May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.

May 17, National Assn. of Independent Adjusters, annual, Sheraton Towers Hotel, Chicago.

May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs.

May 18-20, Texas agents, annual, Galveston.

May 21-23, Tennessee mutual agents, annual, Riverside Hotel, Gatlinburg.

May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 22-24, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.

May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City.

June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.

June 12-14, International Assn. of A. & H. Underwriters, annual, Waldorf Astoria Hotel, New York City.

June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.

June 15-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.

June 15-17, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 18-21, Conference of Mutual Casualty Companies, management conference, Hershey Hotel, Hershey, Pa.

June 26-28, Virginia agents, annual, The Homestead, Hot Springs.

June 29-July 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.

## Under- insurance threatens your future

Recent data on fire losses reveal that a surprisingly large proportion of property owners didn't carry enough insurance.

Not only does this mean that much needed insurance isn't being written, but that a loss suffered by an under-insured client may well cost you future business.

What to do? Let an unbiased third party determine the valuation of your client's assets in order to secure proper insurance protection.

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## Blackford Denies Courts Add To Cost Of WC Coverage

LANSING — Commissioner Frank Blackford of Michigan has come to the defense of the state supreme court which has been increasingly criticized for its opinions which have had the effect of extending the scope of the workmen's compensation laws.

### Based On Experience

The commissioner contended that his recent rejection of a proposed 13.7% increase in WC rates and eventual approval of a 7% increase was based on actual experience and that the proposed additional loading, presumably to meet the risk of liberal opinions, was not backed up with definite data.

"Those persons who charged that the cost of workmen's compensation insurance in Michigan has increased because of the liberality of court decisions are voicing a conclusion that will not stand the test of impartial examination," Mr. Blackford said.

"While decisions of the courts undoubtedly have some influence over what rates will be charged for this type of insurance, more important factors should not be obscured in an effort to make the judiciary a scapegoat. The initial request submitted to the department was for an increase of 13.7% in WC rates. It became obvious that only 7% of the increase was supported by a formula based on loss experience recognized by regulatory officials and the insurance industry as well, to be a reasonable basis for the promulgation of workmen's compensation insurance rates.

### Difference Explained

"It was claimed that the difference between the original request of 13.7% and the 7% eventually granted resulted from the adverse financial effect of various court decisions. No evidence accompanied the original filing to support such a claim. Although provided with an extension of time to present statistical data to substantiate the alleged financial effect of these cases, no evidence of this nature was ever advanced. To the contrary, it was admitted that no such evidence had been developed and that any estimate of the financial effect of various court decisions had to be based on 'judgment.'

It was during the period between rejection of the rate filing and eventual approval of the reduced new schedule that the court handed down an opinion granting compensation to the victim of a "mental disorder" allegedly resulting from anxiety over

assembly line work.

"Rather than give credence to vague myths which adversely affect the business reputation of our state and the insurance business as well, so-called spokesmen for the industry might well follow a policy of drawing cautious conclusions rather than shooting from the hip for whatever purpose may motivate them.

"Estimates that the increase authorized will cost \$4,400,000 are in error. Because of experience rating plans and dividend payments, the estimated increase in over-all costs . . . will not exceed \$2,500,000 to \$3 million. The original request would have run in excess of \$6 million."

## London Assurance Names Lees So. Cal. Special

Richard Lees has been appointed special agent in the southern California branch of London Assurance. He succeeds Charles Goodspeed, resigned. He began in insurance in Los Angeles with Cosgrove & Co. as a safety engineer and in 1951 joined New Zealand's southern California office as multiple line special agent, later becoming manager at San Diego. Subsequently he became a partner in Lange & Lees agency in Sierra Madre, leaving this post to become Los Angeles metropolitan special agent for General of Seattle.

## Gardiner Succeeds Smith For Royal-Globe In Pa.

Royal-Globe group has promoted James Gardiner, special agent at Wilkes-Barre, to state agent there. He succeeds H. W. Smith who has retired after 38 years with the group, 35 years in Pennsylvania.

## Berkshire Mutual Names Vallee In Mass.-Vt. Field

Berkshire Mutual has appointed John T. Vallee field representative in central Massachusetts and Vermont. He was formerly with National Fire as accounts checker, underwriter and Connecticut special agent, his most recent post.

## Bruce Associates Formed In N. Y.

Thomas M. Bruce Associates, a multiple line management and consulting company, has been formed at 161 East 42nd Street, New York. Mr. Bruce has been president of Puritan Life.

American Reciprocal Insurers has elected Lewis P. Seiler, president of Associated Dry Goods Corp., New York, a director.

## Disagree On Ways To Meet N. C. Auto Problem At Second Hearing

At a second hearing in Raleigh on proposals affecting auto liability insurance in North Carolina, Commissioner Gold said he still favored a state fund. He indicated he may be backing away from the other proposal to channel all assigned risks through a single insurer.

Support for the state fund came from Robert H. King, Raleigh, president of Carolinas Assn. of Mutual Insurance Agents. He called the idea a good piece of legislation and said it probably will be approved by the general assembly.

Arch T. Allen, Raleigh attorney, speaking for American Mutual Alliance, suggested establishment of an AR pool under conditions suggested at the Mutual Insurance Technical Conference in New York last October by H. W. Yount, vice-president of Liberty Mutual. Mr. Allen opposed both the state fund and the single insurer idea.

Opposition to the latter plans was also expressed by Richard Brantley, executive secretary of North Carolina Assn. of Insurance Agents. He said a state fund would benefit poorly managed insurers at the expense of prudent buyers of coverage or of other insurers. Mr. Brantley also maintained that the present AR plan is adequate.

Paul L. Mize, manager of the AR plan, reviewed the work of his office and expressed the conviction that the volume of complaints has been low in relation to the large number of risks now in the plan.

## Merit Plan, Package, And 5.9% Rise Filed In Fla.

Merit rating of private passenger automobiles, the special package policy, and a request for a 5.9% liability increase have been filed in Florida by National Bureau and National Automobile Underwriters Assn. In May the bureau had asked for an increase of 11.9%. The bureau indicated that the reduction in the increase proposed "is based on more recent loss experience than was available" last May.

## N. J. Auto PHD Rates Down

National Automobile Underwriters Assn. has reduced private passenger PHD rates an average of approximately 4.5% in New Jersey, effective Dec. 21.

Rates were decreased about 5% on

\$50 deductible and about 7% on \$100 deductible. Comprehensive rates were down an average of 4.3% although they were increased in some territories. However, in each territory where comprehensive rates rose there was a decrease in collision rates.

Comprehensive rates on commercial cars with an operating radius under 50 miles were reduced approximately 10%.

## Rathbone, King & Seeley Opens Office At Phoenix

Rathbone, King & Seeley, has expanded operations into Arizona, and an office has been opened at Phoenix under Richard F. Brunst. The Phoenix office will represent American Star, Century, Royal Exchange, Merchants Fire and Lloyd's.

## Pa. Introducing Multiple Questions In Agent Exams

The Pennsylvania department will introduce multiple choice questions on agents' examinations in January. They will be increased at six-month intervals until in January, 1962, essay items will be removed so that the examinations consist entirely of multiple choice questions.

## AIU Displays American Copy Of Gutenberg Bible

American International Underwriters has decorated the windows of its home office in downtown Manhattan in keeping with the Christmas season. The display features the first public showing of an American reproduction of the historic Gutenberg bible. Other windows are decorated with Christmas candles and wreaths.

## Citizens Casualty Names Direct Service Of N. J.

Citizens Casualty has appointed Direct Service Corp. of Newark, as managers in New Jersey. The firm will service agents on excess and surplus lines business.

## N. C. Burglary Rates Up

National Bureau and Mutual Bureau have revised burglary rates and manual rules in North Carolina, effective Dec. 15. The revisions increase the over-all rate 7.5% statewide. Rates are increased 32.4% for mercantile safe, 8.6% for money and securities board form, and 16.7% for storekeepers burglary and robbery. Rates are reduced 10% for mercantile open stock.

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## Rawles Tells A&S Men Opportunities For Record Production

ST. LOUIS—Two golden opportunities for record production of A&S business in 1961 are presently enjoyed by the salesmen of such protection, Jack E. Rawles, 2nd vice-president and manager of agencies Lincoln National Life, told members of St. Louis Assn. of A&H Underwriters at the December meeting.

These opportunities surpass any heretofore enjoyed, he contended, and were made possible by the provisions of the 1954 code for business insurance and new provisions of the social security laws relative to A&S. He also warned that unless insurance people are alive to the situation and do the job the American people expect and demand, the federal government will step in and replace everything, including private insurance, perhaps.

With respect to social security, he recalled that in its early phases life insurance agents were very much opposed to it until they discovered it merely supplemented private life insurance and began tying it into their programming for clients. The same can and should be done by the A&S agents, he said, because it will enable them to greatly increase their selling of personal programs for A&S protection.

Turning to the expanding markets for A&S, today, he said these are due primarily to the rapid rise in medical expense coverage and the public's realization that the most important protection is against major injuries and prolonged illnesses. Analyzing this need, he stressed that A&S is at its best when it insures adequately against a big loss happening. Conversely, such insurance is at its worst when it is used for trivial losses due to accidents and sickness.

As to major changes in the opera-

tions of companies in these fields of insurance, he told of the growing tendency to make commercial policies almost like non-can. Today, few companies refuse to renew a policy because the health of the insured has changed, he said. Encouraging this trend are the new tax laws favoring non-can protection over the old form commercial coverages.

He mentioned the development of old age coverage for medical expense, saying that Continental and Mutual of Omaha pioneered this step but other companies are adopting the principle. Instead of stopping the protection entirely at age 75, some companies now have no age limit.

It is interesting to note, he pointed out, that old people don't "run to the hospital." A man of 75 is afraid to go to the hospital because he fears he will never return home alive. There is also a trend toward longer benefit periods and to longer waiting periods with some deductible provisions—somewhat similar to those used by automobile and fire insurance companies, such as on collision and windstorm and hail losses. He said extension of the waiting period eliminates trivial claims, such as minor house repairs formerly passed along to insurance companies by home owners with 100% windstorm and hail coverages.

Programming of A&S is total needs selling, he continued. The genuine needs of the prospect should be taken into consideration—such as the clean-up fund, expenses in cases which do not result in death, and medical expenses for survivors.

Other needs, of course, include loss of income, the most important of all; readjustment of income in the recovery period; income for mortgage payments; for dependency periods, and continued income for the balance of the assured normal working years, and retirement income—with waiver of premium.

Touching on business insurance, including partnerships and buy and sell

agreements, he illustrated a typical case to show how insurance can be used to take full advantage of tax deductions, fully protecting the injured or ill member of a firm without adversely reducing the profits or income of his business associates.

In closing, he stressed that agents should turn to programming and other methods of creating new business rather than simply replacing existing policies previously sold by other agents in the hospitalization field. It was in this connection that he warned that the federal government might step in and do the job for the insurance agents.

## Jury Dismisses \$322,350 Injury Suit In Kentucky

A federal court jury at Paducah, Ky., has dismissed a \$322,350 personal injury suit against a river transportation company.

Fred Atkins, a former cook, testified that he had slipped off the stairs of a towboat and landed on the deck, the fall resulting in injuries to his back or nervous system. A number of doctors who examined him after the fall and during subsequent periods of hospitalization found no evidence of physical damage to account for the symptoms the plaintiff described.

The jury decided that any injuries the plaintiff might have suffered were not caused by any negligence on the part of the defendant, Crounse Corp. of Paducah, or by any unseaworthiness of the towboat.

Counsel for the Crounse Corp. was Lord, Bissell & Brook of Chicago, and the plaintiff was represented by S. Eldridge Sempliner of Cleveland and Williams & Rivers, Paducah.

The Bennett & Shade agency of Decatur has purchased the insurance business of Decatur Realty Co. from Mrs. Eldon L. Williams.

## Insurers Recommend Alternatives To N. C. Compulsory

Representatives from insurers writing 80% of the business in North Carolina met in Raleigh and formally went on record in favor of abolishing the compulsory auto law, which is due to expire next May 15 unless renewed by the 1961 state legislature. The group offered an alternative legislative program.

The meeting was attended by representatives of Insurance Information Institute, National Assn. of Independent Insurers, Nationwide, Allstate, North Carolina Farm Bureau, Assn. of Casualty & Surety Companies, and U.S.F.&G.

The three-point program recommended at the meeting calls for strengthening the motor vehicle safety responsibility law of 1953, making the insured motorist endorsement, by statute, an integral part of the standard liability policy, and stepping up the highway safety program.

The proposed changes would require that reports be filed for accidents involving \$50 or more in damages—instead of \$100 as at present. The program would increase the minimum security deposit from \$300 to \$500 in cases where a financially irresponsible motorist is required to post a deposit after an accident. The deposit would be held for two years instead of one year as at present. Drivers who have to post such security for a past accident would be required to maintain proof of financial responsibility for a period of at least five years. A charge of \$25 would be made for reissuance of a license after it has been suspended or revoked.

The insurers consider the program would be "constructive," and that if adopted it will provide better and broader protection for the responsible driver, reduce the number of assigned risks, hold down the cost of insurance, and keep irresponsible persons from driving.

## Aetna Casualty Has Film On School Fire Procedure

Aetna Casualty has released a new color movie, "Seconds To Safety," which describes procedures for teachers and school officials in the critical first minute after a school fire is discovered. The 15-minute film stresses the necessity for evacuating in a matter of seconds rather than minutes if loss of life is to be avoided.

The movie will be distributed nationally on a free-loan basis for showings before schools, fire departments, safety groups and other community organizations. It may be obtained by writing to the company's information and education department.

## Va. CPCUs Elect Gooch

Virginia chapter of CPCU at its annual meeting in Richmond elected Robert M. Gooch, Charlottesville agent, president. Ralph Goode of the Julius Straus agency, Richmond, was elected secretary-treasurer.

## New Oregon Adjusters' Assn. Elects

Oregon Independent Insurance Adjusters Assn. has elected E. C. Lesser, Lesser-Esdon & Co., Portland, president. Other officers of the new organization are Jerry Tobin, J. P. Tobin & Co., Medford, vice-president; R. K. Taylor, Continental Claims Service, Portland, secretary; and E. L. Schmeiding, Eugene, treasurer.

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Automobile

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Owners, Landlords, and Tenants Liability

Manufacturers and Contractors

Garage Liability

Liquor Liability

Retrospective Contracts

(a) Physical Damage

(b) Auto Liability

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# Magazine Study Shows Public Opinion

(CONTINUED FROM PAGE 2)

spondents believe that the company or exclusive agent provides the "highest coverage for the least cost"—the single most important factor in choosing an insurer. However, the independent agent with 31% of the votes for "fairest in settling claims"—the second most important factor—has a comfortable lead over the company agent (24%). On the question of personal service—the third most important determinant in choosing a company—the respondents put the independent far in the lead with 55% against 17%.

Obviously, some of these replies carry more weight than others. For example, on the matter of most coverage for the lowest costs, some of those surveyed have been able to make comparisons because they have been solicited by agents of both types. However, it is difficult to see how respondents could accurately evaluate fairness in settling claims unless they have had losses after purchasing protection from the opposed systems or after being involved in third party claims with both systems. For the same reason, the validity of respondents' observations on personal service

is suspect. However, what really matters is that the answers reflect customer opinion on these subjects, regardless of whether they were arrived at through experience or perusal of advertising.

It is rather ironic that 40% of respondents think the company or exclusive agent does the most for the public welfare while the independent agent, who has long stressed this phase of his activity, gets only 11% of the votes. Opinions on this score would not seem to be vital, however, since promotion of public welfare was ranked among the least important reasons for choosing an insurer.

Questions on the respondents' overall recognition of a company, their awareness of its advertising, and their feeling about placing business with it produced the following results:

Company	Over-All Awareness	Adver. Awareness	Preference Placement
Allstate	99%	66%	25%
Travelers	84%	23%	13%
Hartford Fire	84%	26%	21%
Aetna Casualty	79%	25%	18%
State Farm Mutual	78%	41%	23%
Liberty Mutual	63%	14%	13%
Home	39%	10%	9%
U. S. F. & G.	34%	8%	10%
North America	34%	7%	4%
America Fore	32%	18%	17%
Nationwide Mutual	29%	25%	9%
Royal-Globe	23%	10%	8%

The direct relation of respondents' awareness of a company's advertising to their preference for buying its protection was borne out with respect to four companies. Allstate led in both categories with 66% and 25%; State Farm was second with 41% and 23%; Hartford Fire third with 26% and 21%, and Aetna Casualty fourth with 25% and 18%.

## Departure From Pattern

However, U.S.F.&G. drew an advertising awareness vote of only 8% while its customer preference vote was 10%—the only company whose attraction for customers exceeded its advertising impact. This result is in contrast to Nationwide Mutual which had an advertising awareness vote of 25%—fourth highest, in a tie with Aetna Casualty—but a customer preference of 9% to tie with Home whose advertising awareness vote was only 10%.

Three other companies had a lower advertising awareness score than Nationwide Mutual but a higher relative customer preference vote: Travelers with 23% and 15%; America Fore with 18% and 13%, and Liberty Mutual with 14% and 13%.

In addition to a measure of the respondents' awareness of the 12 companies, a measure of the companies' images as perceived by these consumers was also ascertained:

Insurers long intent on building their

	Aetna Casualty	America Fore	Hartford Fire	Liberty Mutual	Nationwide	Royal-Globe	Allstate	State Farm	Travelers	U.S. F. & G.	North America	Home
Low cost	3%	1%	2%	15%	20%	3%	74%	50%	5%	2%	0%	0%
Oldest company	28	12	71	15	2	4	4	6	32	14	7	11
Insures businesses	29	25	25	20	17	12	2	3	23	67	41	9
Has pesty salesmen	4	5	1	6	11	5	9	7	5	2	5	7
Hardest to get insurance	6	5	6	4	2	3	8	17	10	8	5	3
One of the largest	43	22	33	16	11	0	25	15	33	9	10	6
Most personal services	13	5	7	17	5	1	19	21	14	2	0	11
One of the smaller cos.	7	19	3	20	31	66	2	11	9	3	17	55
Integrity and honesty	22	19	28	27	14	9	13	16	25	15	20	13
Modern and progressive	12	15	10	11	12	3	39	20	14	4	7	5
Quickest in handling claims	11	6	9	12	11	3	29	23	12	5	7	7

images will find the foregoing chart replete with misconceptions on respondents' part. However, the validity of the views expressed are not the paramount issue. What matters is that they reflect the respondents' opinions of the companies involved, and hence the latter's success or lack of it in projecting their images.

In this chart, as elsewhere in the study, the one factor that is most likely to be rooted in the respondents experience is that of low cost. Accordingly, Allstate, State Farm, and Nationwide Mutual are seen as the leaders in this regard, with Liberty Mutual close behind. Negligible differences are seen with respect to the other companies. The vote therefore reflects actual conditions.

However, contradictions in addition to possible misconceptions appear in responses to other factors. For example, State Farm, Allstate, and Liberty Mutual are rated as the three leaders in "most personal service." They do not do business through independent agents, yet in another section of the study, independent agents led exclusive agents in the matter of personal service by 55% to 17%. Whatever the facts may be, it is obvious that the respondents are confused in their answers and that traditional companies and their independent agency forces have a formidable task in getting their message across on personal

service. Obvious absurdities appear in other sections of the study. North America, for example, founded in 1792, drew only 7% as the oldest company, while Hartford Fire, founded in 1810, polled 71%. This result no doubt is tied in with Hartford Fire's record as one of the first national advertisers.

The uncomplimentary vote on "pesty salesmen," which finds Nationwide Mutual, Allstate and State Farm as the leaders, would present a different picture and one quite close to the facts if the word "aggressive" were substituted for "pesty."

The respondents' votes on other aspects of the foregoing table would appear to reflect opinions gained from national advertising. For example, no particular validity can be attached to customer views on which companies are modern and progressive, unless such customers have given the subject study, and are qualified to define and evaluate these two qualities. Obviously, they are not so qualified. But, here again, it is their opinion that matters to insurers.

An interesting exercise for insurers would be to check the respondents' ideas on the largest and smallest companies against the facts. Apparently, national advertising is often equated with size.

In other aspects of the study, merit rating auto plans found high favor



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## Traffic Clubs' Insurer To Write Auto For Members

Associated Traffic Clubs Ins. Corp., Wilmington, Del., has filed a statement with Securities & Exchange Commission for registration of 250,000 shares of 80 cent par stock to be offered for public sale at \$2 a share through A. T. Brod & Co.

The company was incorporated in September primarily to provide an auto insurance program for the clubs' approximately 60,000 members and their families. Floyd C. Day, secretary of Associated Traffic Clubs of America, is among the organizers and promoters.

West Virginia Rating Bureau made no changes in fire rates in the state after its annual review of premiums and losses.

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with 70% of the respondents, while 20% were somewhat in favor of them. Only 10% were partially or completely opposed to such plans.

Of the respondents who own homes, 80% had heard of the homeowners form. Of this group, 63% highly approved of it; 25% partially approved; 5% were partially against it; 2% were definitely opposed, and 5% were "not sure."

The Life study should be invaluable to the future marketing and public relations efforts of companies of all types. It clearly reveals the areas where the public thinks each one of them to be strongest or weakest. If these opinions are measured against the public's expressed reasons for patronizing a particular company, each insurer will have a blueprint for its present and future sales efforts.

### Fireman's Fund Makes Inland Marine Changes

George B. Frankforter Jr., inland marine supervising underwriter in the Pacific department of Fireman's Fund, has been named inland marine superintendent at the San Francisco branch office. He succeeds Dwan P. Basdeka, assigned as inland marine manager of Canadian operations.

Mr. Frankforter joined the Fund in 1949. The next year he was made metropolitan San Francisco inland marine special agent, and in 1957 he became senior territorial underwriter for inland marine, taking over the duties of supervising underwriter in 1958.

J. David Blackmer has been named

inland marine supervising underwriter for various territories of the Pacific department, succeeding Mr. Frankforter. Mr. Blackmer joined the Fund in 1955 and in 1958 operated as inland marine territorial supervisor. Subsequently he was transferred to Kansas City, in 1959 becoming marine superintendent. Last June he was transferred to San Francisco as a senior inland marine underwriter in the Pacific department.

### N. Y. Fines Insurers For Use Of Unapproved Forms

The New York department has imposed fines on several insurers for use of policy forms not approved by the department. Old Republic Life was fined \$13,000 for use of credit life policies without obtaining "requisite approval by the superintendent of the forms and premium rates applicable thereto." Aetna Life was fined \$10,000 because of its issuance of certain A&S policies on forms and rates which "had not been filed with and approved by the department."

### Cornbelt Names Heidel

Cornbelt of Freeport has named Harold J. Heidel special agent in charge of Iowa, in which the company has recently been licensed.

Cambridge Mutual Fire has applied for a 15% deviation on homeowners forms 1, 2, 3, and 4 in North Carolina. Commissioner Gold will hold a hearing on the filing Jan. 10.

## Personnel Men Should Be In On Planning

(CONTINUED FROM PAGE 5)

then proceeds to select a group of individual cases where such probability proves to have been present."

The executive in charge of the company's multiple peril department has added a definition in depth of the elements of profitable underwriting. He says that an infinite capacity for attention to detail is an almost essential characteristic of the successful property underwriter. Half of the trick lies in defining what is a significant detail so that its presence in the given risk can be economically revealed by the original application and by subsequent investigation. The other half lies in the hard-to-define area of judgment.

The question is where to stop gathering details and another question is what the controlling details are in a particular risk.

No two major commercial risks are exactly alike, this executive points out. Each one requires the factor of judgment. The judgment can't be made without the details, the collection of which is governed by the law of diminishing returns. The underwriter will never know everything about a risk and, in spite of this preoccupation with minutiae, he must know beyond what point it is uneconomic to probe. Finally, the decision must be made and the endless round of detail collecting, culminating in a judgment, must be resumed on the next risk and the next.

It is the seasoned underwriter's job to develop in others the necessary respect for detail as well as for judgment. This development of underwriting judgment can only be successfully accomplished by the granting of reasonably limited independent responsibility.

The vice-president in charge of commercial fire lines of this company explains that the underwriter must be a many sided individual.

Primarily, of course, he is a risk taker deciding in each case whether to accept or decline the proposal. His selection of business is designed to develop a book of risks with sufficient volume to obtain the support of the law of average and to develop a sufficient spread to avoid the perils of conflagration.

He is a salesman. If he were not, he could not contribute to the development of the volume and spread of risks so necessary to the production of satisfactory results.

He is a student. Underwriting, in fact, involves a life-long study of not only insurance with its policy forms, rules and practices, causes of loss, hazard and perils, but also the national economy, every phase of industry, and to some extent, law. Most underwriters either draw or review more contracts in a day than many attorneys do

in a month. It is well known that any ambiguity in a form will be decided to the insured's advantage.

He is a careful man. He must devote time and consideration to the many angles of each risk.

He is courageous. It is not often that he is asked to insure properties which are ideal from every angle. His decision to decline a risk often results in strenuous objections from agents and brokers, and any weakness or lack of ability to make firm decisions would naturally result in the accumulation of a volume of poor business.

He is imaginative. He must be able to picture the risks in his mind with their many exposures to loss.

He must appreciate the need for reasonable collaboration. In many cases, the full responsibility for a decision properly rests with him, but in many other cases the old adage "two heads are better than one" holds true.

While practicing all of these qualities, the underwriter must develop the most important characteristic of all—judgment, which enables him to evaluate various points rather quickly and then to make a decision as to whether to write the risk, and if so to establish acceptable amounts.

### Benefits Personnel Man

With such analytic definitions of the underwriter and his function, this company's personnel director has never been in doubt as to the type of man who could fill the bill. This company has recruited for underwriting posts college men with every conceivable academic background. The company's preference is the liberal arts graduate, a man with a broad background and flexible outlook which squares with the qualities for a good underwriter outlined by the company's executives.

Because this organization has kept its personnel man informed of its planning and its manpower requirements, he is currently studying the possible need for a different type of man in branch and field work. As noted, this company has always insisted that these individuals be successful underwriters. But now the company has embarked on a new marketing effort, including a packaged program of personal lines.

The company has concluded that this effort will require vigorous and aggressive merchandising. This thinking, relayed to the personnel man, has led him to conclude that he should look for "different personality traits" in future recruits for production work. He does not intend to lower the standards traditionally used, but he is pondering the need for changed persons in line with changed marketing conditions.

Thus he is on top of a shifting situation and is looking realistically at the manpower needs of the company in the production area. He has not come to any final conclusion nor does he have a pat solution. But in many other companies it is highly doubtful that the personnel director has even considered this problem. Management may not have told him of its new goals. By neglecting to do so it has hamstrung itself right at the beginning of any progressive program by delaying the selection of the right types of people to reach the goals the company has established or is at least considering.

It is high time that the personnel man be taken into management's confidence in those companies where he is still a fringe operator.

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## Frakes Examines 1961 Construction Prospects At Contract Unit Meet

There are indications that construction volume will increase in 1961, William F. Frakes, general manager Bureau of Contract Information, told the bureau's annual meeting in New York.

Public works awards will be increased, he said. In the recent elections, voters approved a record amount in state bond proposals. California's water resource construction was the largest project approved. The greatest number of projects will involve schools, colleges, hospitals, sewerage, highways, roads and streets.

It is assumed that the federal highway program will be stepped up and the new Congress is expected to take a good look at the program to determine future financing, costs and standards, in considering expansion.

Interstate projects were slowed in 1960, but the increased federal gas tax has bolstered the highway trust fund so that contracts for highways and bridges to be let in the second half of 1961 should reflect the increased flow of Federal money, Mr. Frakes suggested.

### Sees Fewer Commercial Jobs

Industrial and commercial construction is expected to decline in 1961, but as soon as there is an upward trend in the over-all business economy more plans will be coming off the drawing boards. However, they are not expected to affect the over-all volume in 1961, he said. He expects 1961 volume will be up from that of 1960, but slightly lower than the record of 1959.

Edwin G. Hundley, vice-president U.S.F.&G., president of the bureau, and all other officers were reelected. The following directors were elected:

Norman A. Burgoon Jr., Fidelity & Deposit; A. H. Henderson, Aetna Casualty; C. A. Keppler, Fireman's Fund; William H. Wallace, Hartford Accident; George M. Douglass, Travelers Indemnity; A. H. Walker, Maryland Casualty; Carroll R. Young, America Fore Loyalty group; High M. Sinclair, Indemnity of North America; T. M. Gregory, American Surety; A. A. Christian, Royal-Globe; Morris E. Brown, United Pacific; Howard G. Riley, American Casualty; C. S. Willmott, Glens Falls; Donald A. Gillam, New Amsterdam Casualty; and Mr. Hundley.

### 13 Chicago BI Decisions

Of 13 decisions in personal injury cases in Chicago last week, two resulted in deadlocks, five favored defendants, and six awarded a total of \$63,500 damages to plaintiffs. Cook

County Jury Verdict Reporter, which keeps a record of PI cases, shows that since Sept. 1 there have been 189 decisions, with 12 deadlocked, 90 favoring defendants and 87 favoring plaintiff. Total damages awarded through Dec. 16 were \$1,419,604, an average of \$16,310 per award.

Last week a jury in U. S. district court awarded \$25,000 to a janitor who charged assault by intimidation by a policeman. Filing in this case was for \$50,000, but plaintiff's last demand was for \$4,500.

### Employ Visual Aids To Whet Prospect Curiosity, Chicago A&H Agents Urged

Visual aids as instruments to whet the prospect's curiosity were recommended by Carl Ernst, director of A&S North American L.&C., who demonstrated a salesman's bag of visual selling tricks at the December meeting of Chicago A&H Assn.

Visuals will draw the prospect into participating in the interview, and this is desirable, he said. However, prospect participation should be on a controlled basis so that the subject is not lost in the fog of random conversational pleasantries. The agent can control the prospect's mind by controlling the eye.

The man who is opposed to visuals probably doesn't believe in TV either, he remarked, the error of this attitude being that more and more people today learn by seeing.

### Can't Help But Wonder

A checkbook flashed before the prospect's face is always a good teaser, Mr. Ernst said. The normally inquisitive person can't help but wonder what entries appear in the book, especially in the deposits section. He may not be impressed when he sees that the deposits each month amount to only \$100, but he will be when the agent reminds him that a hundred a month from the insurance company is a lot better than the nothing he gets when disability keeps him from working.

A device which Mr. Ernst employs to illustrate the greater likelihood of disability over death was the yellow page section of the telephone directory. He pasted together a long chain of pages containing phone numbers of morticians. "Would you believe that in a city the size of Chicago there were that many people earning a living by kicking dirt in the faces of others?" he quipped. Twice as long, however, was his list of doctors' numbers.

Usually, agents who believe in what they are selling own large amounts of health insurance. This is a sales asset, he declared.

## Exchange Of Great Northern, Federal Stock Is Effective

The exchange offer of stock on a share for share basis between stockholders of Great Northern and Federal has become effective with more than 95% of the stock of Great Northern tendered for stock of Federal. Great Northern will continue to operate under its own officers and directors.

### Harvey to Retire From Farmers Mut. Auto Dec. 31

Henry W. Harvey, treasurer since 1958 of Farmers Mutual Automobile of Madison, will retire from that position Dec. 31. He will be succeeded by Hugh D. Wallace, comptroller.

Mr. Harvey joined Farmers Mutual's

accounting department in 1944, later heading that section. In 1947 he became comptroller and in 1958 treasurer.

Mr. Wallace has been with Farmers Mutual since 1953 when he was named budget director. In 1956 he became assistant comptroller and in 1959 comptroller.

### Ala. CPCUs Hold Annual

Alabama chapter of CPCU at its annual meeting in Birmingham elected Harlan C. Meredith, Tuscaloosa agent, president. John P. Wilson Jr., Mobile agent, and G. William Blair of Leedy-Glover general agency of Birmingham, were elected vice-presidents; R. Paul Darden Jr., of Green-Darden agency, Birmingham, secretary, and John D. Baumhauer Jr., Mobile broker, treasurer.

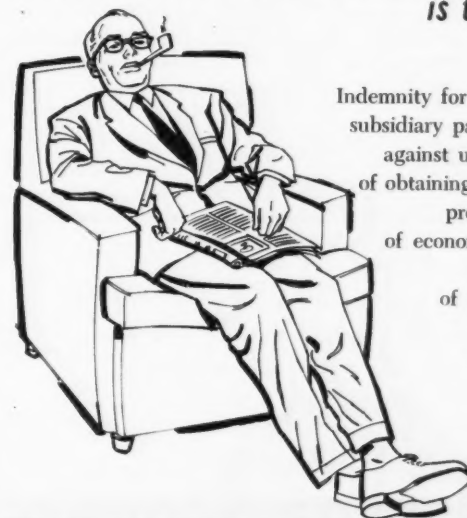
## Sell

# "PEACE OF MIND"

— not protection

The Purpose of Securing Insurance

is to Avoid Uncertainty



Indemnity for loss is but an incidental and subsidiary part of fulfilling the guarantee against uncertainty. The REAL result of obtaining a policy of fire insurance on property is to make it a matter of economic indifference whether the property burns. That's peace of mind! One actually receives the same benefit *each year* from his insurance whether he collects a claim or not.

Insurance does not protect one from anything except uncertainty.

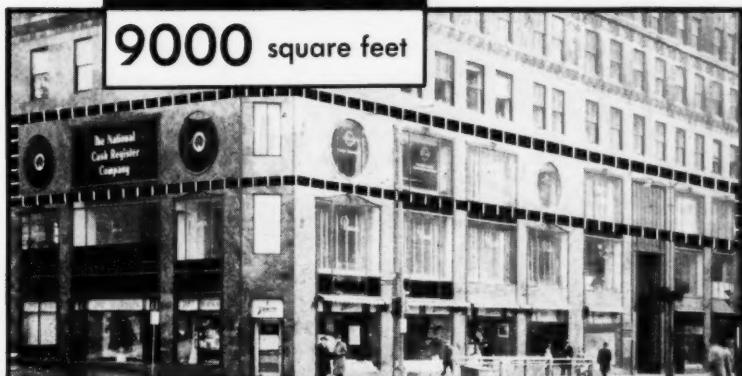
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## North America To Have New Office In San Juan

North America will commence operations at its newly established Caribbean service office in San Juan, P. R., on Jan. 1. It is in the same building as the head office for Latin America which was opened four years ago. The Caribbean office will be under the management of Charles K. Smith, formerly casualty supervisor.

John A. Diemand, president, led a party of executives attending initiation ceremonies in San Juan. He was presented with a key to the city of San Juan by the mayoress.

## Hartford Fire Junior Fire Marshals Aid Xmas Safety

Hartford Fire's "Golden Rules for a Happy Yule" tags are being distributed countrywide by agents to junior fire marshals in a massive Christmas tree-tagging campaign designed to encourage home safety during the holidays. Some four million junior fire marshals, children from eight to 10 years old, will visit stores, markets and nurseries to attach tags to trees on sale. The tags enumerate seven rules for safe handling of trees.

## Suggests UM For All ARs

M. S. Winder, State Farm Mutual Auto chairman of the governing committee of Utah Automobile Assigned Risk Plan, suggested at the annual meeting in Salt Lake City that uninsured motorist coverage be placed on all assigned risk policies at an appropriate charge. Mr. Winder explained that if the companies were to take the lead in providing coverage for assigned risks and promoting its use on regular

business the action would help forestall crank legislation or compulsory automobile insurance bills.

Manager Albert H. Thurstin reported that in 1958 the loss ratio for assigned risks on PDL was 69.3 and for BI was 53.8. The plan has had almost a 66% increase in the number of assignments in the last year at a cost of \$1.10 per application.

Members of the governing committee were reelected, they being: R. R. Sonntag, U.S.F.&G (National Bureau); F. M. Green, Employers Mutual Liability (Mutual Bureau); Richard Anderson, General of Seattle (other stock insurers); M. S. Winder, State Farm Mutual Auto (other non-stock insurers), and B. A. Hewitt, Farmers Exchange (reciprocal).

## Home Collects 2,500 Toys For Needy Children's Xmas

Employees of Home collected 2,500 Christmas toys to be distributed to children through the New York Police Athletic League. They were presented at ceremonies in the company's home office by Ann-Lisa Maneskjold, an employee. The ceremony was attended by Kenneth E. Black, president of Home; Leonard E. Reisman, deputy police commissioner of New York; and Joseph Pulvermacher, vice-president of PAL.

## McMahon Retires After 25 Years With Mass. Bonding

James A. McMahon, special claims representative at Chicago of Massachusetts Bonding, is retiring after 38 years in the business. He started his insurance career with Indemnity of North America, and he has been with Massachusetts Bonding 25 years.

## An Authority Gives Some Pointers On State Supervision

What many listeners considered an excellent summation of the proper underlying principles of fair and effective state supervision was given by Raymond Harris, recently retired New York department counsel and deputy superintendent, in his response at the dinner of the New York City Life Managers Assn. at which he was guest of honor. Following is latter portion of his talk, in which he summarized his views on the role of state supervision:

Inasmuch as it is difficult and impractical for the legislature to lay down in all circumstances definite and comprehensive rules of action, a reasonable amount of discretion is delegated in regulatory laws to the administrative official. The exercise of administrative discretion is subject to the limitation that it must be guided by an express or clearly implied standard, policy or purpose.

### Continuous Process

Insurance supervision is a continuous process which must be implemented by the rule-making power. That necessarily carries with it the power to alter existing rules and make new rules. In the construction of a statute, counsel for an administrative agency, in my judgment, should be bound by the same degree of reluctance in making a ruling overturning an existing one that a court assumes in adhering to the doctrine of *stare decisis* in order to give recognition to the two principal characteristics which the law possesses, namely, equal universal application and certainty in operation. Thus law as represented by a department ruling becomes a guide for future conduct of people who are subject to its sanctions. He should not lightly overturn an existing rule but should do so when the rule is clearly erroneous or when it has become obsolete.

### Should Shun Management Role

In carrying out this task of interpretation as well as others in the area of supervision, great care must be taken to differentiate the responsibility of supervision from that of management.

In each case of statutory construction, one must exercise informed judgment and make a choice grounded upon historical research, reason and common understanding so as to reach the result intended by the lawmakers. Inasmuch as general propositions do not decide concrete cases, to borrow a phrase from Justice Holmes, it is necessary to make an accurate appraisal of the facts that are involved in the matter under consideration.

It is in this area that a specialized knowledge of the business practices is highly important.

### Must State Reasons

Finally, it is incumbent upon the writer of the opinion to state his reason in support of his conclusions in order that the opinion shall receive public confidence and guide the future direction of the law.

While the superintendent is vested with vast powers, he has traditionally exercised them with due regard to the accommodation of conflicting interests. However, in conformity with the customary procedure, the superintendent's determinations are subject to judicial review.

Perhaps I may be prejudiced be-

cause of my long years of service in the insurance department, but nevertheless it is my judgment that the administration of that department in New York represents the workings of the rule of law in the supervisory field at its best.

## Bureau Auto Program, Rate Changes In Ala.

National Bureau and National Automobile Underwriters Assn. have introduced in Alabama their special auto policy and safe driver plan.

National Bureau has increased auto liability rates in the state 6% on private passenger cars, 9.5% on commercial cars, and 13.2% on broad garage risks. NAUA has reduced PHD rates an average of 1%. The special program and the rate changes are effective Dec. 15.

## Commercial Unit Formed By Harleysville Mutual

Harleysville Mutual has formed a commercial risks department which will be managed by Henry B. Sotter. Mr. Sotter, who has been in the business for 22 years, started with American Casualty and was later with an agency.

## Celina Mutual Holds Regional

Celina Mutual group held a regional sales meeting Dec. 7 at Cambridge, O., for 30 agents in that area. Robert F. Steinke, production manager, assisted by Glenn J. Brookhart, agency secretary, and five home office underwriters, including Harold A. Mielke, underwriting manager, led the discussion on sales opportunities and techniques. D. W. Montgomery, executive vice-president, spoke at the dinner.

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## Continental Shares Listed On Midwest, Far West Exchanges

Stock of Continental of the America Fore Loyalty group has been listed on the Midwest Stock Exchange at Chicago and on the Pacific Coast Stock Exchange at San Francisco and Los Angeles. The stock has been traded on the New York Stock Exchange since 1916 and is the only insurance company listed on that exchange.

Levering Cartwright, head of the Chicago investment firm of Cartwright, Valleau & Co., has been appointed by the midwest exchange as specialist in Continental stock. Charles L. Noble of Noble, Tulk & Co., Los Angeles, and Harry F. Flachs of Lawson, Levy, Williams & Stern of San Francisco, were named specialists in the stock by the Pacific Coast exchange.

Mr. Cartwright formerly was editor of THE NATIONAL UNDERWRITER for several years, a post previously held by his father, the late C. M. Cartwright, and was on the editorial staff of the paper for more than 20 years. C. M. Cartwright headed the editorial staff for more than 50 years.

The additional listings of Continental stock will expedite and simplify trading in shares of Continental with day to day quotations listed in the local press, according to J. Victor Herd, chairman of Continental.

Continental, which has paid a dividend every year since its 1853 incorporation, has raised its quarterly rate from 50 to 55 cents. The stock sold at a high of \$56.50 and a low of \$44.75 during 1960 and this week was selling at \$55. Of total 11,998,290 shares outstanding, 21.5% are held in the midwest and 13% in west coast states. Continental Illinois National Bank & Trust Co., Chicago, is transfer agent and first registrar for midwest exchange tradings. First Western Bank & Trust is transfer agent and Wells Fargo Bank American Trust registrar at San Francisco.

## Federal Mail Charge Is Lodged Against Landwehr

St. Louis—William B. Landwehr, former Clayton and St. Louis agent, broker and company executive, has been charged with using the mails in a scheme to defraud in federal warrants issued by U. S. Commissioner Irvin H. Gamble. The charges against him are based on an alleged letter or letters sent to a Los Angeles broker, in which he is said to have falsely represented that he was an agent for four insurance companies and had authority from each of them to issue up to \$1 million in insurance.

It is alleged that by using the name of T. C. Ward, as president of Capacity Inc. of Clayton, Landwehr issued through the Los Angeles broker certificates for \$3 million in "excess" insurance to General Petroleum Co. of California. The insurance was for coverage above the amount which the oil company's regular insurers were authorized to issue on its properties. Landwehr is said to have collected \$8,900 on the transaction.

U. S. Attorney W. H. Webster said a

federal grand jury, which will meet in mid-January, will conduct an extensive investigation into Landwehr's insurance and other business operations during the past two years. The investigation by the grand jurors will cover about a dozen alleged insurance schemes operated by Landwehr during this period, including the issuance of apparently fraudulent insurance policies to soldiers based at Scott Air Force Base near Belleville, Ill., and several other military posts.

A forgery charge is pending against Landwehr in St. Louis County circuit court at Clayton. In 1950 he was fined \$800 following his plea of guilty to charges of violating Missouri insurance laws. An Indianapolis judge in 1956 ordered him committed to jail for contempt of court in another insurance case.

## New Amsterdam-Home Merger Vote Postponed

(CONTINUED FROM PAGE 1) cure for New Amsterdam Casualty the management of E. Clayton Gengras, president of Security. New Amsterdam Casualty resisted the request for the stock list on the ground that Mr. Smith was not only attorney for Mr. Huber but also for Security.

The dispute between Security and New Amsterdam Casualty is reported to be headed for the Connecticut supreme court of errors. On Dec. 14 attorneys for both insurers agreed to a continuation of a superior court injunction obtained by New Amsterdam Casualty to restrain Commissioner Premo of Connecticut from holding a public hearing on the Security offer to New Amsterdam Casualty stockholders. The continuation will run until the matter can be taken up by the court of errors in February.

In a prior attempt to dissolve the injunction, Security had argued that New Amsterdam Casualty had failed to show good faith in evaluating the former's stock exchange offer. In turn, New Amsterdam Casualty had challenged the constitutionality of a state statute on the issuance and exchange of plans for exchange of stock to stockholders of another company. This statute provides that the commissioner must approve such a plan in a hearing which must be called to the attention of stockholders of both companies involved.

## Job Open In Guam

Richard F. Taitano, insurance commissioner of Guam, has written THE NATIONAL UNDERWRITER the information that his deputy will return to the mainland early in 1961, thus creating a vacancy in the department. This is a contract position, and those interested may obtain information from the Director of Labor and Personnel, Governor of Guam, Agana, Guam.

Allstate will lease a large new building to be built in Charlotte, N.C., to house its Carolina regional office. The new building will be constructed specifically for Allstate by Graham Office Park.

## SPECIAL AGENT

Next year our multiple line stock company wishes to intensively develop the Milwaukee territory. We are interested in a man with broad multiple line experience in Southeastern Wisconsin. Excellent salary for the man who qualifies. Please give details of experience in reply to Box V-42, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## Independents React To Bureau Assessment

(CONTINUED FROM PAGE 1)

that many of the companies would not pay, and thus the price is higher to those that do.

The companies reacting most strongly to the new assessment are those medium-sized or smaller insurers which have been writing in a limited territory—one to five states—and have been buying only one or two, or perhaps 10 manuals, either for informational (deviation) purposes or for use in making assigned risk rates. In states where the assigned risk rates are based on a bureau base, these companies will be obliged to have a manual, but they don't like the price.

The question has been brought up of how the copyright of the manual, which goes into effect Jan. 1, can be enforced in states like Texas, Virginia or North Carolina, where use of the bureau manual is a must. If a company is obliged to use the manual for its auto liability rates, is the copyright justified?

From the immediate point of view, the situation boils down to the admission by the manual purchasing companies that they have had a good thing going for them for years, and a change was called for, but the extent of the change is a staggering one—so staggering as to create a bitter reaction. It comes at a time, only 30 days from when the next assessment is due, that leaves the companies with not a great

deal of choice. They will have to pay or not pay, and if they don't, they have no manuals. This could eventuate in one of the most bitter internal conflicts in the casualty business in many years.

There are wider implications involving the whole bureau-independent competitive situation about which those involved at this time will only make allusion while refraining carefully from going into the problem too deeply before more chips are in the pot.

## Wants To License Public Adjusters In St. Louis

A bill to license public adjusters is being considered in St. Louis. Alderman Louis Aboussie, who introduced the proposal, cited the competition after the tornado of Feb. 10, 1959, as cause to have public adjusters, either firms or individuals, licensed to the tune of \$25 plus the posting of a \$5,000 bond. Adjusters in business less than three years from the effective date of the ordinance would be required to take written examinations.

Attorneys, agents or brokers who handle adjustments as part of their business would not come under the act.

Meyer & Rosenbaum agency, Meridian, Miss., has opened new offices at Eighth Street and 24th Avenue.

## WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

### FIRE & MULTIPLE LINES UNDERWRITER

Aggressive Fire & Casualty Company has an immediate opening for Fire & Multiple Lines underwriter of its home office located in the South. Should be between 28-40 years old with a minimum of 5 years underwriting as senior underwriter or the equivalent. College education. Good salary for ambitious young man with a desire to be with a company where his growth potential would be great. Write Box V-27, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### ASSOCIATE FIRE MANAGER

Large Ohio general agency offers once-in-a-lifetime opportunity and high compensation. Are you an experienced, ambitious man who can compete with other top specialists in industrial and other special hazard fire lines? Your reply will be confidential. Send complete information to Box V-37, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### Casualty Engineer

with auditing experience. Opportunity to help organize engineering department with a progressive Mutual Multiple-Line company. Location middle west with some travel. Give resume, education, past experience and salary requirements. Write Box V-39, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### OPPORTUNITY

Chicago suburban adjusting company desires man to invest in a growing company either as active or inactive partner. Our employees know of this ad. Write in confidence to Box V-38, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### COLUMBUS, OHIO

Profitable, diversified, stock general insurance agency wanted by two experienced general agents in Columbus, Ohio and vicinity. Write Box V-36, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Excellent opportunity for aggressive young man to set up bond department in multiple line stock company. Must be able to inaugurate underwriting, reinsurance, rates & forms, etc. There is an excellent future for a man willing to work. Write in confidence stating experience and salary requirements to: Robert D. Norton, Vice President, Cimarron Insurance Company, Cimarron, Kans.

### FIRE UNDERWRITER

Excellent opportunity for man under forty with minimum of three years experience. Contact Cleveland Regional Office, Boston Insurance Group, The East Ohio Building, Cleveland 14, Ohio.

Married college graduate (B.A. & L.L.B.), early thirties, physical damage school, currently employed by large stock company desires more challenging management potential casualty claims position in northeastern Ohio area. Seven years experience with supervisor-examiner background. P.O. Box 3614, Akron 10, Ohio.

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## Editorial Comment

### Another Vanishing Pioneer?

As the insurance business grows ever larger in scope, ever more complex in its details, ever more competitive in each of its various fields, there is inevitable speculation to the effect that the one-man agency may well be coming a thing of the past.

But is this true? Like the street car, the steam locomotive and other venerable pioneers, is the one-man agency truly on its way out? This is not an idle question. Anyone who has attended some of the annual state conventions of fire and casualty agents must have heard this query many times.

One dislikes answering such an obviously sincere and important question in an ambiguous fashion, but the fact is no universally applicable answer is possible. In other words, "yes," some one-man agencies are heading for oblivion; "no," some one-man agencies are not.

And the difference, we believe, between those agencies surviving through the sixties, and those taking their honorable place in history along side of the buffalo, depends wholly on whether or not the agency in question has the wisdom of recognizing certain unmistakable signs and the foresight in reacting intelligently to them.

As to particulars, Edwin S. Overman, assistant dean of American Institute, in an address before the mutual agents of Illinois, faced the question squarely and came up with what might be termed a "three point survival program" for the one-man agency.

First of all, Mr. Overman suggested, the man who operates his own agency may have to bring in specialists as sub-agents for those coverages about which the agent is no expert. These sub-agents may come in on a part-time or full-time basis, but their presence is essential. The business today is far too competitive for an agency to let go to its rivals certain coverages an insured must have.

Letting such coverages go will only mean, eventually, that the other agency will acquire all insured's coverages. The buyer of our day is too well

acquainted with the time (and money) saving joys of one-stop buying (a la the shopping center) to resist buying his insurance the same way.

Mr. Overman's second point was the importance of not limiting an agency's operation to a small area. Too often, especially in rural areas, an agent tends to confine himself to his immediate surroundings.

There is no reason why an agent should not be able to sell at least within a 75 mile area. Other agents in near-by towns do not have an exclusive privilege for operating therein. Their familiarity with their territory gives them, of course, an advantage, but not necessarily an overwhelming one.

Advertising in local newspapers, on local radio stations, may sometimes

mean the difference, and should not present exorbitant demands on an agency's budget. More vigorous mail campaigns are another way of reaching a broader spectrum of prospects.

Finally, Mr. Overman suggested, the local agent should look into one or more of the many courses of instruction various companies are offering. Some of these are available through the mail; others are held, perhaps, within driving distance.

These courses enable the agency to stay abreast of the sometimes extremely complicated coverages—the package policies, for instance—a modern age demands. The agent should not view these new coverages as something to bedevil him; he should see them simply as something to be mastered.

We think these suggestions of Mr. Overman have a good deal of validity and should be seriously considered by those one-man agencies wishing to do more about their future than just worry about it. Everything else in the insurance business is in the process of being changed; the survival of the one-man agency would seem to depend solely upon its changing too.—R.R.C.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co.  
135 S. La Salle St., Chicago, Dec. 20, 1960

	Bid	Asked
Aetna Casualty .....	91	95
Aetna Fire .....	87	88½
American Equitable .....	41½	43
American, Newark .....	27½	28½
American Motorists .....	18	19½
Boston .....	31	32
Continental Casualty .....	82½	84
Crum & Forster .....	73½	75½
Federal .....	58	59½
Fireman's Fund .....	52½	53½
General Re. ....	121	125
Glens Falls .....	37½	38½
Great American .....	48	49
Hartford Fire .....	55	56½
Hanover .....	42½	43½
Home of N. Y. ....	60½	61½
Ins. Co. of No. America .....	77	79
Jersey Ins. ....	32	33
Maryland Casualty .....	35	36½
Mass. Bonding .....	38½	39½
National Fire .....	121	126
National Union .....	41	42
New Amsterdam Cas. ....	62	64
New Hampshire .....	51½	53
North River .....	42	44
Ohio Casualty .....	24	25
Phoenix, Conn. ....	83	84½
Prov. Wash. ....	17	18½
Reins. Corp. of N. Y. ....	22	23½
Reliance .....	55	56½
St. Paul F. & M. ....	58	59½
Springfield F. & M. ....	34½	35½
Standard Accident .....	46	48
Travelers .....	90	92
U. S. F. & G. ....	40	41
U. S. Fire .....	28	29½

## Personals

Nicholas Dekker, president of American Fore group, has been elected a director of National State Bank of Newark.

## Deaths

Mrs. MARIE L. MCGINTY, president of the H. J. Klossen Co. and Marie L. McGinty Co. agencies of Cleveland, died. She was recently named "outstanding businesswomen of the year" by the Smaller Business Men's Assn. of Cleveland. Mrs. McGinty went into the business with her sister, Mrs. H. J. Klossen, and set up the Klossen Co. 16 years ago. Later she founded her own agency.

C. FRANK BORDEN, 73, Shrewsbury, N. J., agent, died at his home there. He founded the agency in 1926.

CARLETON G. ELDRIDGE, 68, vice-president in charge of personnel of American Surety, died at his home in New York. He joined American Surety

at Washington, D. C., in 1913. Following World War I service, he was transferred to Pittsburgh as inspector of claims. He joined the home office production department in 1922 and was later promoted to personnel manager. He was elected vice-president in 1946.

HENRY A. YATES, 74, former president of National Union, died at Sewickley, Pa., after an illness of five weeks.



Henry A. Yates

Mr. Yates came from a family that produced the Civil War governor of Illinois. He got his start in insurance with Illinois Inspection Bureau in 1909, and four years later went with Hartford Fire traveling in Illinois and later in Tennessee. In 1919, he joined London Assurance as Illinois state agent, and the following year went with Aetna Fire in Illinois, advancing to assistant western manager in 1925. He was with Southern Fire for one year until joining National Union in 1931, serving in official capacities until he was made president in 1950. He retired the following year.

Mr. Yates, when he was in Illinois, was vice-president of the old Illinois State Board and he was secretary in 1924-26 of the old Fire Underwriters Assn. of the Northwest.

ALVIN B. CLARK, 55, an agent at East St. Louis, Ill. since 1935, died.

ORION J. EVANS, 75, former Travelers manager at Toledo, died. He had headed the Toledo office for 25 years until his retirement in 1950 and recently he had been with the Evans brokerage firm there which was operated by his son.

SIGFRID DAHLBERG, 63, consulting and research engineer of America Fore Loyalty, was killed in the crash over Staten Island, N. Y., of the United Airlines DC-8 jet and the Trans-World Air Line Lockheed super-constellation. Mr. Dahlberg, who handled the nuclear and atomic fission aspects of risks, was returning on the constellation from a trip to the Columbus, O., area. He joined the group in 1935 in the engineering department of Fidelity & Casualty. Before joining the group he was with Guthenberg Electric Utilities in his native Sweden and later with New York Edison Co. for several years. Mr. Dahlberg was on the special hazards subcommittee of Assn. of Casualty & Surety Companies. In recent years he traveled extensively, attending meetings on atomic and nuclear subjects and inspecting nuclear installations. His trip to Columbus was in connection with a nuclear project.

HORACE G. HUMPHREYS, 48, vice-president of the Felix Diamond agency, Chattanooga, died in the hospital there after a three-month illness.

EDWARD L. DUNN, 58, president of Health Insurance Underwriters of Milwaukee and president-elect of Wisconsin Assn. of A&H Underwriters, died of a heart attack. Since 1945, he had operated a general insurance agency bearing his name at Milwaukee, and before that he had been news editor of the Milwaukee Sentinel.

WALTER H. DEACON, president of Root & Boyd agency, Waterbury, Conn., died. He was a former Republican town committee chairman and was an incorporator of the First Federal

## THE NATIONAL UNDERWRITER

The National Weekly Newspaper  
of Fire and Casualty Insurance



Published by  
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SUBSCRIPTIONS: 420 E. Fourth St., Cincinnati 2. \$7.50 per year (3 years, \$20); Canada \$8.50 per year (3 years, \$23); Foreign \$9 per year (3 years, \$24.50). 30 cents per copy, back copies 50 cents. CHANGE OF ADDRESS: Enclose mailing wrapper and Post Office form 3579 with new address, and allow three weeks for completion of the change.



Savings & Loan Assn., and a director since its organization in 1935.

**R. W. CAUCHOIS**, 75, retired vice-president of Johnson & Higgins, died at his home in Yonkers, N. Y. He joined J.&H., of which he was a part owner, in 1909, and specialized in ocean marine coverages.

**RICHARD P. DIECKMANN**, 55, assistant manager of the casualty underwriting department of Hartford Mutual of Bel Air, Md., died suddenly.

**Mrs. JAMES C. BETTY**, 74, founder of the Allen agency, Nashville, died of a stroke after an illness of seven months.

### N. J. Surety Unit Elects

Surety Underwriters Assn. of New Jersey has reelected William E. McCauley, Fidelity & Casualty, president. The association elected Fred G. Scozzza, Hartford Accident, vice-president; Bruce Borgenson, Standard Accident, treasurer; and Robert A. Barton, National Union, secretary.

Elected to the executive committee were, David J. Hunt, Travelers, Gilbert Serbe, U.S.F.&G., George F. Brenner, Royal-Globe, and Robert E. Riley, Boston.

### Named Production Manager

Northern of New York has appointed Lee W. Baker Jr. production manager for the southern California division.

## Sees \$200,000 Saving In First Year Of III

At a conservative estimate, \$200,000 has been saved in the first year's operations of Insurance Information Institute, Roland H. Lange, Hartford Fire, president of III, declared in his report at the annual meeting. In addition to reduction in expenditures through consolidation of eight member associations and regional bodies into III, the new unit has virtually eliminated duplication and greatly expanded public relations activities, Mr. Lange said.

He was reelected president at the meeting, and Paul B. Cullen, Aetna Casualty, was renamed vice-president. Frank Boyle, Employers Fire, was named a director. Other directors were reelected.

Mr. Lange reported that since beginning operations last February, III has accomplished an effective liaison with agents, adjusters, field men, company executives, news publications, regulatory bodies, and the general public. The problems and the facts of the business have perhaps been presented with greater frequency, clarity and effectiveness than ever before, he declared.

**E. M. Faulknor**, Hamilton, Ont., agent, has received a scroll from Continental marking 50 years of representation. This presentation was made by J. Cameron, Ontario manager.

## Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Vallean & Co., Board of Trade Building, Chicago

Insurance shareholders enjoyed another Christmas-like week, with Friday closing out in a buying surge. North America for the second week in succession led the parade, and sold as high as 78½, up 6 points on the week. Continental Insurance on the Big Board became a favorite, as more and more brokerage houses and customers men recommended insurance stocks. For those preferring listed issues North America and Continental are the natural buys. Moreover, they are heavily committed in common stocks and offer a ready opportunity for the investor to "buy the market" as stocks in general move up.

Continental closed at 55½, only a fraction of a point from the year's high. Phoenix Insurance (also an exceptional "buy the market" vehicle) closed the week some 4 points higher at 83½ bid. Aetna Fire was up almost as much. American Insurance came out from under selling pressure and quickly added 1½ points.

The announcement that Standard Accident and Fireman's Fund had ceased holding hands caused market convulsions. Standard had run up from 43 to 53 on word of the prospective alliance whilst Fireman's Fund had retreated 2 points according to the classic pattern in connection with such situations. Standard looked like a cheap way to buy FF. Then when the ardor cooled between FF and SA, Standard immediately flopped to 43 bid with a wide spread of 4 points between that and the offering side. FF went right back up and became even more of a candidate for advance when on Friday the quarterly dividend rate was increased from 45 to 50 cents. The latter news came too late Friday to be reflected in the market. Monday SA was 46½-48½; FF 53½ bid.

Bulletins have to be issued almost hourly to keep abreast of developments in the Gengras-Home-New Amsterdam triangle. Franklin National Bank of Long Island announced they would take a minimum of 100,000 shares of NAC on tenders at \$64 per share, instead of the 50,000 that was originally specified as the minimum. This proposition proved inviting to a great many NAC stockholders. These shares are for Gengras.

There are 500,000 shares of NAC, with Arthur Nelson reportedly controlling at least 100,000. American Indemnity Co. of Baltimore is a large owner. There is a block of 50,000 shares that was bought through Garrett & Sons of Baltimore from Insurance Securities Trust Fund of San Francisco, reportedly at \$55 per share. There were rumors that this had now been acquired by the Gengras interests.

On the prospect that Security, after acquiring a bale of the NAC stock for cash, would then proceed to communicate its offer of 1¼ shares of Security for one NAC share, the stock of Security faded in the market from about 58 to 53 bid. New Amsterdam got up to 61 bid in the regular trading market.

Travelers and Aetna Life were in demand and penetrated the barrier of the high 80s, which on several occasions has been an exit point for large holders. They both ended the week in the 90 range. AEL has an all-time high of about 109, Travelers 123.

Lincoln National encountered selling for three days after reaching 250 following the stock dividend-split news, but seemed to find considerable strength around 240. There were indications that professionals were short around the

250 level and their covering could provide support.

Continental Assurance was the luminary of the life stocks. It closed at 176 bid, a gain of about 13 points for the week. This was in response to the report of an interview with President Howard Reeder in the Wall Street Journal Dec. 12 on the splendid earnings.

Crum & Forster continued to suggest that it is under accumulation and was 74 bid. National Life & Accident had another strong week and closed at 112 bid, up 2 points. Northern Insurance gained 2 and got back above 40 for the first time since Donna. Seaboard Surety was entirely on the bid side, with no stock being available even in the 40 range. This kind of market situation tends to cause whispsers.

Announcement of the proposed acquisition of Standard Fire of Trenton by Reliance did not affect the market on the latter stock, at least immediately. It remained in the range of 55-56. Standard Fire has been inactive. It used to trade now and then in the 50 range. On the basis of 2½ shares of Reliance for one share of Standard, the latter stockholder would receive the equivalent of about \$123 per share. He would receive stock currently paying a dividend of \$4.85, whereas Standard has been paying \$2. Standard had a liquidating value at Dec. 31, 1959 of about \$130 and investment income per share of about \$5. So in a sense the Standard stockholder is being offered full liquidating value and the entire investment income.

Blyth & Co. had a special offering Monday of 16,000 shares of Fireman's Fund at 53½.

Franklin Life moved up smartly Monday to 73 bid.

General Reinsurance slid 3 points to 120 when only the usual quarterly dividend was declared. Agricultural which was badly used by Donna came up a point. Providence Washington was also a trifle better. Its Donna losses equal more than 6 points in loss ratio. Federal advanced again and has nearly made up its recent 10% stock dividend.

Commonwealth Life was wanted and moved up to 20 bid. Kansas City Life was sought at 1,300 with no sellers around.

The dreadful airplane calamity Friday had no effect on the market although the insurance loss here will be immense. There seemed to be a lack of concentration in this group of passengers of persons who would be heavily insured. Sales of accident insurance at the airports will soar now.

It was nearly 30 years ago that insurance against falling aircraft was provided as a complement to fire and lightning insurance. It was, I believe, item No. 6 in the 6-point supplemental contract. This was the precursor to extended coverage. It was designed as a bold stroke, with one motive, at least, to forestall fire insurance rate reductions after several years of declining loss ratios. There were conservatives of that day who said this was heresy to monkey up the classic fire insurance policy.

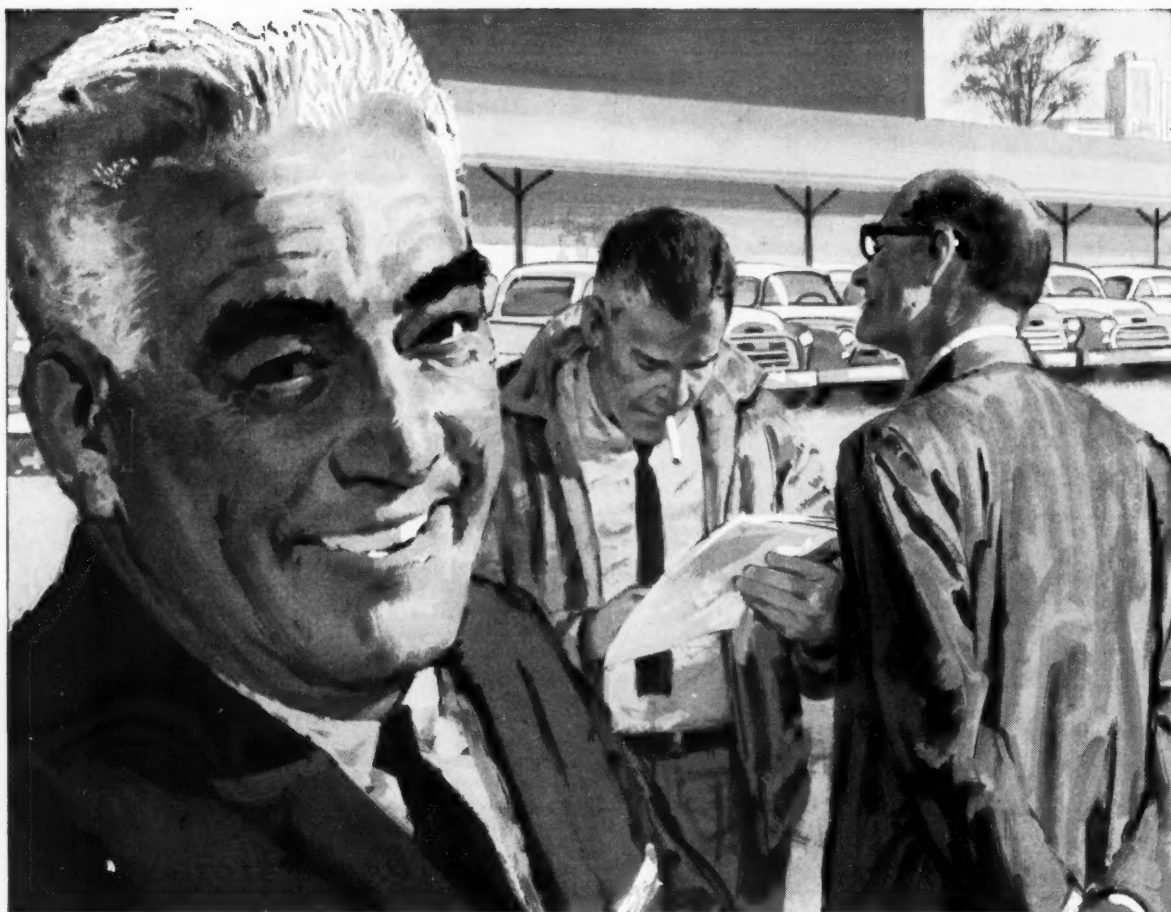
Insurance stocks have been hit very little by year-end tax selling, even by those with substantial losses. The tone was too good for sellers to risk losing their positions by selling for taxes. Some stockholders doubled up in November on issues in which they had paper losses, with the idea of selling the higher priced stock 31 days later. But they are likely to find themselves winners on the new purchase and even on the old and may decide after all to keep the whole parcel. Nationwide Corp. is one parcel that was hit by tax selling. It backed down to 24½ and there met support.

The effect of the high interest rates is going to be reflected full force in the life companies' annual statements. There is an estimated improvement over-all in life company investment return of 16 basis points. Next year should be almost as good even if interest rates decline. This is so because the life companies will continue to enjoy refunding of old and low-yield securities at a very much higher rate. Also, the companies are committed far ahead on mortgages and other types of loans, so they can continue to put out new money to good advantage.

The buoyant stock market and the pick-up in the bond market amounting to about 1½ points in high grade long term bonds brightens the portfolio picture of the fire-casualty companies. If the market holds until December 31, the annual statements will make good reading on the asset side. Also, investment income is considerably higher with most companies. The dividend increases that have been coming along would have been even better except for Donna. The improved bond market lends strength to the fire-casualty stocks, as they are in the yield spectrum along with bank stocks, utilities and preferreds.

Something worth watching is the development of fire insurance subsidiaries or companions by weekly premium insurers. Until a few years ago this kind of business proceeded at a pedestrian pace but recently it has been showing signs of considerable promise. With the upgrading economically of their clientele, these policyholders possess household goods that are worth insuring. The debit agent has no competition for such an account and one call can do double duty and yield greater returns. Common practice is to insure only fire and windstorm up to \$2,500 on household contents, no real property. The loss ratio runs about 30, but of course the handling costs are high. The growth is becoming impressive. United Insurance has a running mate—United Fire of New York—the stock of which is in demand and hard to come by. Interstate Life & Accident, Chattanooga, is doing very well with Interstate Fire. Peninsular Life has Peninsular Fire well under way. Kentucky Central Life & Accident put Kentucky Central Ins. Co. into action early this year. One of the very large weekly premium insurers is getting one shaped up right now.

This spectator asks the courtesy of the column to salute J. Edward Day as our new head mail man and, as a Republican, to wish for his return to insurance in four years as one of our biggest wheels. He gave brilliant service as Illinois insurance director and provided the kind of leadership in NAIC affairs that has been badly wanting in recent years. Mr. Day was critical and down on the cheats, but gayly good humored and witty. He was searchingly curious, loved to match ideas, was a good listener as well as talker and took to the platform frequently to ventilate the issues and to apprehend future developments and problems. He was proud of the staff that he assembled and strove to help gain recognition for the especially deserving men.



## “Here’s how I made sure I held one of my best accounts!”

by a Tennessee insurance agent

“When you have good accounts, you can be sure of one thing—competition! And this year I knew it would be tougher than ever to hold one of my larger accounts. So I began making plans long before renewal time.

“I called in Bob Gulgusky, Special Agent for *The American* and told him the story. The first thing Bob did was to initiate preliminary underwriting and engineering surveys and then turned his findings over to the Branch Office at Nashville.

“In short order, Casualty Manager Bill Watson worked up a 3-year Retrospective Rating Plan D proposal covering Auto Fleet Liability, General Liability and Workmen’s Comp. It was tailor-made for my client—gave him a solid protection program, plus potential premium savings in the future. And when the three of us presented our proposal, after we made some changes—*on the spot*—the client bought it!

“I had just taken *The American* into my office a few months before this because of their multiple-line facilities—and when they helped me save this \$40,000 account, they certainly proved themselves to me!”

You, too, can help yourself to extra income by taking advantage of *The American’s* fine reputation, multiple line facilities and excellent branch office services . . . offering authoritative underwriting, prompt policy-writing, expert engineering, premium auditing and speedy claim attention. Contact your closest branch office. Let us prove to you that *The American* means business . . . **MORE BUSINESS FOR YOU.**

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